صحكذا من الاصل

FINANCIAL TIMES

EBRD's de Larosière

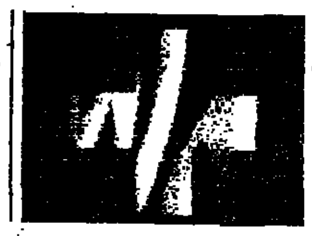
'We will not cling on when we are no longer needed'

The FT interview, Page 23

Teamwork

Severe limitations of a trendy concept

Management, Page 20



Switzerland

'We are not seeking to gloss over our past'

Personal view, Page 22

FT WEEKEND

The flight from welfare

TOMORROW

World Business Newspaper http://www.FT.com FRIDAY JULY 18 1997

Ulster deal may be put to voters in all-Ireland poll

The British and Irish governments are considering putting the outlines of a Northern Ireland settlement to voters in both Ulster and the Irish republic if multi-party talks break down next week. "Next Wednesday is D-day," said a senior official, amid growing gloom in Dublin and London about the chances of securing an agreement by the constitutional parties on decommissioning weapons held by paramilitary groups. Page 24

EU warns over WTO talks: Senior diplomats negotiating a global deal on opening financial services markets to foreign competition have expressed optimism over progress in the WTO talks. But the EU has warned that a successful outcome by the December 12 deadline could be jeopardised by lack of movement from east Asian nations. Page 4

Crew to stay on Mir space station

The crew of Mir will not abandon the damaged space station and its latest problem will be fully resolved no later than Saturday, said mission director Vladimir Solovyov. One of the three crewmen mistakenly pulled out a vital computer cable, disrupting the power supply system and plunging the ship into its worst crisis since the near-fatal collision on June 25. Meanwhile Nasa has cleared British astronaut Michael Foale, above, to train for a risky internal spacewalk to restore some power to the ailing station.

Japan's nepotism attacked: The influence of founders' families and ageing directors – still strong in some Japanese companies - has been challenged by Toshihiko Yamashita, former president of Matsushita Electric. Page 25, Lex Page 24

Security council plan: The US is trying to break the deadlock over the UN Security Council reform by proposing that seats should be reserved for developing countries. The plan would double the number of permanent members by giving one seat each to Africa, Asia and Latin America, as well as permanent membership to Germany and Japan. Page 4

Nomura commissions plummet: Brokerage commissions at Nomura, Japan's largest securities company, have plunged after the recent scandal surrounding the group's links with corporate racketeers known as *sokaiya*. Nomura's results for the first quarter show revenues from commissions fell by 36.9 per cent to Y53.6bn ($463m) in the three months to June 30. Page 25

Singapore dollar slides: Singapore's authorities have allowed a significant fall in the country's currency following recent devaluations in south-east Asian. The Singapore dollar has lost 0.6 per cent of its value against the US dollar, falling to its lowest level since February 1995. The Monetary Authority of Singapore (MAS) chose not to intervene to keep the currency stable. Page 6

Anger over Japan's car exports: US car manufacturers have reacted angrily to Japanese trade statistics for June showing 38.5 per cent increase in car exports to the US. The rise helped boost the overall trade surplus in June to Y934.2bn ($8.07bn) – 27.7 per cent higher than in the same month last year. It was the third consecutive month of big increases. Page 24

Sting sells rights: Sting, the pop singer so wealthy that he did not notice when his accountant swindled him out of $10m, has sold the global music publishing rights to his songs to the EMI Group for £20m. The deal, which covers all his compositions, comes two weeks after EMI, the world's largest music publisher, paid $132m for 50 per cent of the publishing business linked to Motown Records. Page 25

Nelson touch: Two drafts for begging letters written by Admiral Nelson's mistress, Lady Emma Hamilton, to the Prince Regent in 1813 have fetched £45,500 ($76,000) at Sotheby's auction house in London. She claimed credit for persuading him to command the victorious fleet at the Battle of Trafalgar in 1805, but her pleas were ignored and she died a pauper in 1815.

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	8,058.77	(+17.89)
NASDAQ Composite	1,578.80	(-1.83)
Europe and Far East		
CAC40	2,958.59	(-29.42)
DAX	4,227.31	(+26.07)
FTSE 100	4,949.0	(-15.2)
Nikkei	20,519.25	(+160.51)

US LUNCHTIME RATES

Federal Funds	$5\frac{1}{2}$%
3-mth Treas Bills: Yld	5.186%
Long Bond	$102\frac{1}{16}$
Yield	6.462%

OTHER RATES

UK: 3-mo Interbank	$6\frac{31}{32}$%	(same)
UK: 10 yr Gilt	$101\frac{13}{32}$	($101\frac{1}{8}$)
France: 10 yr OAT	100.55	(100.24)
Germany: 10 yr Bund	103.31	(102.88)
Japan: 10 yr JGB	104.9952	(104.9614)

NORTH SEA OIL (Argus)

Brent Dated	$18.94	(18.385)

GOLD

New York: Comex		
Jul	$324.0	(318.0)
London:		
close	$320.95	(319.15)

DOLLAR

New York: lunchtime		
£	1.57485	
DM	1.79425	
FFr	6.0615	
SFr	1.4836	
Y	116.125	
London:		
£	1.5713	(1.5758)
DM	1.7922	(1.7974)
FFr	6.0561	(6.0708)
SFr	1.4817	(1.4829)
Y	116.065	(116.085)
Tokyo close:	Y 116.35	

STERLING

DM	2.9982	(3.0116)

[illegible]

© THE FINANCIAL TIMES LIMITED 1997 No 33,346

LONDON · LEEDS · PARIS · FRANKFURT · STOCKHOLM · MADRID · NEW YORK · LOS ANGELES · TOKYO · HONG KONG

Transatlantic tensions rise as US warns of retaliation if Brussels outlaws merger

Clinton steps into Boeing row

By Emma Tucker in Brussels, Michael Skapinker in London and Bruce Clark in Washington

President Bill Clinton of the US and French president Jacques Chirac yesterday stepped into the row over the proposed merger of Boeing and McDonnell Douglas, the US aircraft manufacturers, sharply increasing transatlantic tensions over the deadlocked deal.

As negotiations to break the impasse between the European Commission and Boeing continued, President Clinton warned his administration would retaliate if the Commission outlawed the merger.

"We have a system for managing this through the World Trade Organisation and we have some options ourselves when actions are taken by Europe in this regard," he said.

President Chirac countered that the Commission must stand firm and described the merger as "an attack" on Europe's commercial interests, a reference to rival aircraft manufacturer Airbus Industrie.

But there was still hope on both sides that a trade war could be averted. "I think we are a long way from that and I think we'll probably avoid it," said President Clinton.

The last sticking point between Brussels and Boeing concerns the critical issue of Boeing's exclusive supply deals with three US airlines. The Commission insists that Boeing scrap the 20-year deals altogether, having rejected an offer from Boeing not to sign any more and to shorten those that already exist.

Boeing has until Wednesday to meet the Commission's demands. Although the Commission insists the deadline for submitting changes has now passed, it is unlikely to reject a last-minute deal.

But if Boeing does not sweeten its offer, the Commission will outlaw the merged company in the European Union. It has the power to fine it up to 10 per cent of its turnover. It could also penalise European companies doing business with the company, even impounding new Boeing aircraft delivered to Europe.

The EU's 15 member states are consulted on merger regulation, but have no formal say in the final Commission decision. The member states have so far presented a united front in support of the Commission's tough stance. President Chirac said he was worried about the position of individual member states "which no doubt will be subject to a lot of psychological pressure".

The UK, Germany, Sweden and Finland are understood to be uncomfortable about an EU ban, which they fear would have knock-on effects on other industries.

The two other competition concerns of the Commission appear to have been resolved.

Brussels is understood to be prepared to accept a commitment by Boeing to establish McDonnell's civilian operations as a separate legal entity to reduce Boeing's influence over airlines currently operating McDonnell aircraft.

Boeing has also satisfied the Commission it will not exploit its access to government spending on military R&D.

Exclusive supply deals, Page 4

Fed chairman warns on US bank reforms

By Mark Suzman in Washington

Mr Alan Greenspan, chairman of the US Federal Reserve Board, has warned that legislative proposals to break down legal divisions between banking and commerce were too sweeping and called on Congress to limit the reforms.

Speaking yesterday to a House subcommittee, he said that while he supported the general thrust of the bill, unresolved technological and regulatory issues meant comprehensive changes were inappropriate at the moment.

"It would be wise to move with caution in addressing the removal of current legal barriers between commerce and banking, since the unrestricted association of banking and commerce would be a profound and surely irreversible structural change in the American economy," he said.

Mr Greenspan's comments come as Congress considers abolition of the 1933 Glass-Steagall Act, which prohibits banks from owning stockbrokers or insurance companies.

They follow a decision earlier this week by the American Bankers Association to oppose the legislation unless substantial changes were made limiting the interaction between banking and commerce.

Mr Greenspan objected to a portion of the bill which would allow financial services companies to own up to 15 per cent of a commercial affiliate – intended in part to allow securities firms which already have non-financial holdings to enter the banking sector.

He said growth and consolidation in financial services had made such a move unnecessary and would involve the extension of the existing "safety net" of federal banking insurance over a wide range of other activities. That, he said, could be detrimental to the banking system.

"In our judgment these [15 per cent] baskets are far larger than what is needed, either as a controlled experiment or to permit unfettered consolidation with banks of those financial firms that have commercial affiliates," he said.

Mr Greenspan also cautioned that the rapid pace of technological advance made it wrong to enact far-reaching changes that might prove inappropriate to future activities.

"There is no reason not to proceed in incremental steps," he added.

Kenyan President Daniel arap Moi in Nairobi yesterday. Official aid figures have revealed that Western donors gave Kenya assistance worth more than $8bn between 1986 and 1995, in spite of evidence of government corruption. Report, page 24. AP

BT rift with MCI widens in new dispute

By Richard Waters in New York and Alan Cane in London

The rift between British Telecommunications and its takeover target, MCI of the US, deepened last night as the companies gave conflicting accounts of when BT first knew of MCI's financial difficulties.

MCI claimed the UK company learned in March this year that the US group faced far higher losses than had been expected from its efforts to break into the local telephone market.

It said BT executives were kept fully informed about the worsening state of the US company's finances from the spring onwards. According to one person close to MCI, Mr Robert Brace, BT finance director, was told in March that MCI's outlook had changed, and that a review into the reasons for this was under way.

BT said this was "totally untrue". BT top executives said last week that they were not told the extent of the problems at that time, and did not learn of the full costs until an MCI board meeting last week. It was "new news" according to Sir Peter Bonfield, BT chief

Continued on Page 24

Lex, Page 24

Reputations on the line, Page 30

Flood-hit E Europe faces threat of more heavy rain

By Christopher Bobinski in Warsaw and Kevin Done in London

Poland and the Czech Republic were yesterday bracing themselves for further heavy rains, in the wake of floods which have undermined the Polish currency and threatened Czech economic growth.

The floods, the worst this century, have killed nearly 100 people and forced economists to reduce growth forecasts for the Czech Republic, where some estimates of the damage have risen to Kc100bn ($2.9bn).

Poland has appealed for aid and has called for a day of mourning today.

Mr Ivan Pilip, Czech finance minister, said the government was considering taking a loan of more than Kc10bn from the European Investment Bank to rebuild damaged roads and public utilities.

Komercni Banka, the leading Czech bank, said the floods would limit economic growth to the lower end of their forecast of between 1.5 and 2.5 per cent this year.

In the Czech areas of east Bohemia and Moravia up to 50cm of rain have fallen in the past two weeks.

The Czech Weather Service yesterday issued its highest level warning of more floods in the affected regions.

Czech industry is estimated to have suffered losses of up to Kc10bn because of the floods, the Industry and Trade Ministry said.

The country's three largest steel plants – Nova Hut, Vitkovice and Trinecke Zelezarny – and OKD, the largest coal mine, have had to cut output, as manufactured steel has piled up in immobilised rail trucks and raw materials have been unable to reach the plants.

In Poland, Mr Wlodzimierz Cimoszewicz, prime minister, warned that further heavy rains could trigger more floods in the south, leading to renewed pressure on the zloty yesterday.

The severity of the flooding is adding to economic pressures in Poland, with the government already engaged in a fierce domestic debate on limiting the budget deficit before the autumn general election.

Weather, Page 24

CONTENTS

Profitable corporate sector asked to stump up in attempt to narrow budget deficit closer to 3%

French companies braced for extra tax

By David Owen in Paris

France's increasingly profitable corporate sector will next week be asked to stump up billions of francs in extra taxes to help narrow the country's budget deficit.

Officials yesterday confirmed that profitable companies and well-off households would be hardest hit to help raise revenues and to keep the deficit as close as possible to 3 per cent of gross domestic product. This is the level theoretically required to permit France to join the planned European single currency.

An audit of government finances set for release on Monday is expected to show that the deficit is on course to exceed 3.5 per cent of GDP – down from more than 4 per cent in 1996 – if additional tax and spending measures are not taken. The government yesterday began talks to work out what these measures might be. They will then be debated and voted on at an extraordinary session of parliament at the beginning of September.

Though the government yesterday emphasised that final decisions on specific measures had not been taken, it looks increasingly likely that the corporate whip-round will take the form of a one-off increase in corporation tax which is currently levied at 36.6 per cent.

Reports have suggested that a 10 per cent increase in the tax may be asked for, taking it temporarily to more than 40 per cent, and raising some FFr12bn ($1.97bn) but these reports have not been confirmed.

The financial performance of French companies improved markedly through 1996, in spite of the country's sluggish economic growth. In March analysts were forecasting that earnings per share generated by French companies during 1996 would turn out to have exceeded 1995 totals by between 180 and 340 per cent – depending on how broad a range of companies was included in the calculations.

Many expect France to gamble that a 1997 deficit of about 3.3 per cent of GDP will, in fact, be enough to keep European economic and monetary union on track. For this to be so, Germany would almost certainly have to call time on its efforts to meet the formal 3 per cent of GDP Maastricht deficit target and settle for a similar overshoot.

Meanwhile, there were fresh signs last night of tension between the Socialists and their Communist coalition partners, when a senior Communist said the party was opposed to the privatisation of groups such as France Telecom, Air France, Thomson and various banks.

Calling for a grand debate about privatisation, Mr Paul Lespagnol, a member of the Communists' national secretariat, said the party opposed such privatisations even if they were "creeping or disguised".

His remarks came the day after Mr Dominique Strauss-Kahn, finance and industry minister, indicated the state would allow its stake in Thomson-CSF, the defence electronics giant, to fall below 50 per cent from 58 per cent at present. Some ministers also expect to partly privatise France Telecom this autumn, before next year's liberalisation of European telecoms markets.

Chirac positive over Emu first wave

By Lionel Barber in Brussels

President Jacques Chirac of France yesterday predicted that a bigger than expected group of European Union countries would join economic and monetary union on schedule on January 1 1999.

In remarks which will please borderline Italy, Mr Chirac said during an official visit to Brussels that "as large a number of countries as possible" should take part in the planned single currency.

He brushed aside doubts about France's ability to meet the public deficit criterion of 3 per cent of gross domestic product, despite hints from the Socialist government that the shortfall this year could reach 3.5 per cent or more.

Although Mr Chirac declined to put public pressure on the leftwing coalition government in Paris, he made clear his preference for the authorities to make the extra effort once the latest public audit is published early next week.

"France will respect the letter and the spirit of the treaty," he said, "that will pose problems in France as in all the other (EU) countries."

Mr Chirac offered a positive assessment of the European Commission's 1,300-page blueprint for admitting new members from central and eastern Europe early next century. But he was cautious about the Commission's six-strong shortlist of countries deemed ready to open accession negotiations with the EU next year: the Czech republic, Poland, Hungary, Estonia, Slovenia and Cyprus.

Mr Chirac said the choice of Estonia was "wise" and "rational", but he said it was a problem because some might feel that the EU should take in all three Baltic states, including Latvia and Lithuania, at the same time.

The French president declined, however, to take up the cause of Romania for early EU membership – in contrast to the campaign for early Nato membership which he waged on behalf of Bucharest as last week's Madrid summit.

He also explicitly mentioned the Czechs, Hungarians and Poles as a front-runner group for membership in "2001-2-3".

EU leaders are due to decide in December which countries should begin accession negotiations and on the proposals which the Commission has put forward for reform of the Common Agricultural Policy and the regional aid budget.

FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 596 4481. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. The shareholder of the Financial Times (Europe) GmbH is Pearson Overseas Holdings Limited, 3 Burlington Gardens, London, W1X 1LE. Shareholder of this company is Pearson plc, registered at the same address.
GERMANY:
Responsible for Advertising content: Colin A. Kennard. Printer: Hürriyet International Verlagsgesellschaft mbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu Isenburg ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director P. Maraviglia, 42 Rue La Boetie, 75008 PARIS. Telephone (01) 5376 8254, Fax (01) 5376 8253. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN 1148-2753. Commission Paritaire No 67808D.
SWEDEN:
Responsible Publisher: Hugh Carnegy 468 618 6088. Printer: AB Kvällstidningen Expressen, PO Box 6007, S-550 06, Jönköping.

R

Pay victory for Russian N-workers

By Chrystia Freeland

Russia's desperate nuclear power plant workers declared victory yesterday, when the government promised to pay delayed wages to protesters who had walked nearly 400km to bring their demands to Moscow.

The march on Moscow began two weeks ago, when the workers of the Smolensk Nuclear Power Plant, 360km south-west of the capital, set out on foot to make their case to the government. They were joined by colleagues from four other atomic reactors and researchers from Russia's nuclear institutes.

Demonstrators, (pictured right), who walked through the Russian provinces wearing the white protective gear of their profession, reached the capital yesterday, where their representatives held a meeting with Mr Boris Nemtsov, the first deputy prime minister.

The nuclear workers cheered, applauded and made victory signs at the news that Mr Nemtsov had promised to transfer Rbs24.8bn ($4.4m) immediately to the Smolensk power plant to pay back wages. The minister also vowed that wages at all atomic reactors would be paid on time for the rest of the year.

In spite of their strategic importance, nuclear reactors have been hard hit by Russia's wage crisis. They are fully state-owned and the sale of the electricity they produce is centrally controlled, depriving them of direct leverage over their customers.

Kremlin pins hopes on sell-off

By Chrystia Freeland in Moscow

Bidding in Russia's most expensive privatisation since the beginning of market reforms – the $1.18bn sell-off of a stake in Svyazinvest, the national telecoms giant – will in effect close today.

The Kremlin hopes the sale of a 25 per cent stake in Svyazinvest will provide a quick injection of cash the treasury desperately needs to pay off disgruntled soldiers and workers. Already 95 per cent of the revenues from the sale are earmarked for the state.

The government reform team is also keen that the auction, whose winner will be announced on July 25, should set new standards of openness and transparency for Russia's heavily criticised privatisation process.

Although bidding for the much-sought-after telecoms giant formally closes on Monday, Mr Vladimir Bulgak, a deputy prime minister, said that because of the vagaries of the Russian banking system he expected would-be buyers to put down the required $400m deposit today.

"Tomorrow will be the last day when those who decide to bid will have to take their pens and sign $400m cheques, the sum of advance payment to be remitted to the accounts of the property fund," Mr Bulgak said yesterday.

The contest has provoked a rift among Russia's once closely allied banking tycoons. Although bids have not yet been placed, two of the top rivals are expected to be consortia led on one side by Most and Alfa, two allied Russian banking groups, and on the other side by Oneximbank.

However, reformers in the government and western investors are hoping that the struggle over Svyazinvest will make the telecoms privatisation a welcome change from the opaque, insider-dominated sell-offs of the past.

"A conspicuously fair auction would be excellent news for the market," said one Moscow-based financier.

Because the Russian banks do not have sufficient spare cash to meet the minimum bid price of $1.18bn, they have linked up with rich western investors wanting to buy into the telecommunications sector. Both the Alfa/Most consortium and Oneximbank have formed syndicates with rich western investors.

Foreign bidders are not barred from the privatisation but it is expected that a Russian-western alliance stands the best chance. Western analysts said that foreign telecoms operators, including Stet, the Italian telecoms company involved in the initial botched privatisation of Svyazinvest in late 1995, US West and Deutsche Telekom, might be involved in the bidding.

A shareholding in Svyazinvest will indirectly give investors a 38 per cent stake in 85 regional telephone companies as well as in Rostelekom, the dominant international and long distance carrier. The equivalent stock market value of such shareholdings is currently about $1.4bn.

However Russian officials have emphasised that the state is determined not to surrender its control over Svyazinvest, citing the company's vital role in national security matters.

"We do not plan to give up the controlling stake in Svyazinvest. We are not Mexico, we are a country with nuclear weapons," said Mr Valentin Boldin, deputy minister of communications.

Berlusconi and Di Pietro feud set for a bitter end

In signing up Mr Antonio Di Pietro, Italy's centre-left has acquired the popular hero of the "clean hands" anti-corruption campaign that brought down the postwar political system. However the move, announced on Wednesday, bears the signs of a cynical deal and is already being referred to in terms of a football transfer.

Mr Di Pietro, the former anti-corruption magistrate and briefly minister in the Prodi government, has, after much hesitation, agreed to stand in Florence for a safe vacant Senate seat, in the colours of the ruling centre-left Olive Tree coalition.

Mr Di Pietro, who had previously admitted his sympathies for the right had been assiduously courted by the opposition. This move in effect neutralises Mr Di Pietro, preventing him from removing votes from the Olive Tree.

However, for the ex-magistrate, the deal affords the full political protection of the Olive Tree and its dominant partner, the Party of the Democratic Left (PDS). More important, once elected, Mr Di Pietro will enjoy parliamentary immunity, shielding him from a series of investigations relating to the alleged abuse of his office while he was an anti-corruption magistrate in Milan. One of these investigations obliged him to resign last November after only five months as public works minister.

Leftwingers, who regard Mr Di Pietro as a rightwing populist with authoritarian tendencies, yesterday criticised his recruitment, while the rightwing opposition greeted the decision with a mixture of dismay and sarcasm. Mr Silvio Berlusconi, the opposition leader and former premier, accused Mr Di Pietro of wanting to become a senator only for parliamentary immunity.

Mr Berlusconi's salvo was not the first and is not likely to be the last. The Forza Italia leader regards Mr Di Pietro as a serious rival and the two men have been involved in a long-running feud which goes back to early 1994, when Mr Berlusconi courted Mr Di Pietro in vain to enter his new government. On this feud hinges the fate of the former premier's corruption trial and his possible sentencing.

On this battle hinges the fate of former premier's corruption trial

Mr Di Pietro was then at the apogee of popularity as a magistrate, and Milan magistrates were already investigating Mr Berlusconi's Fininvest business empire for corruption and falsifying accounts. In November 1994 Mr Di Pietro signed documents placing Mr Berlusconi, while prime minister, under investigation for alleged corruption.

The following month Mr Di Pietro resigned as a magistrate in circumstances that are still unclear. Mr Berlusconi's younger brother, Paolo, and Mr Cesare Previti, defence minister in 1994 and Mr Berlusconi's Rome lawyer, were subsequently charged with allegedly trying to blackmail Mr Di Pietro to quit, thereby weakening the resolve of the Milan judiciary to prosecute Mr Berlusconi. A Brescia court dismissed the charges despite hearing evidence of compromising dossiers being prepared against Mr Di Pietro. The dossiers centred on loans and a second-hand Mercedes Mr Di Pietro had admitted to receiving from a Milan businessman convicted of insurance fraud. A counter-move by the pro-Berlusconi camp led to Mr Di Pietro being tried for alleged extortion over the loan and Mercedes by the same Brescia judiciary. The existence of this case prevented Mr Di Pietro from forming a party to fight the April 1996 elections; but once cleared he became public works minister as an independent in the Prodi government.

The ministerial post, like the Senate seat this week, was offered because the centre-left feared he would be a loose cannon, tempted to side with the rightwing opposition. However, last November he was forced to resign as minister after being formally placed under investigation for alleged partiality given while a magistrate to Mr Pierfrancesco Pacini Battaglia, an Italian-Swiss financier already convicted of playing a big part in channelling illicit funds to political parties.

Mr Di Pietro is still being investigated on this score and Mr Berlusconi recently claimed he knew "chilling" facts about the former magistrate. These materialised last week in the form of a deposition to Brescia magistrates by Mr Antonio D'Adamo, a Milanese construction magnate who was a friend of Mr Di Pietro and who once helped run Mr Berlusconi's own construction group. The deposition alleged Mr D'Adamo gave Mr Di Pietro a loan, the use of a mobile phone and a Lancia in return for favourable treatment of certain figures under investigation. Mr Berlusconi has given evidence to Brescia magistrates against Mr Di Pietro on this. For his part, the former Milan magistrate has accused the Forza Italia leader of being behind Mr D'Adamo.

If Mr Di Pietro can be exposed as a partial magistrate who accepted favours, the 18-month-long corruption trial of Mr Berlusconi will probably collapse. The entire "clean hands" anti-corruption campaign spearheaded by the Milan judiciary will also be compromised. Alternatively, if Mr Di Pietro clears his name, then Mr Berlusconi's position will be weakened both politically and in the courts.

There are now two protagonists on different sides of the political fence who have yet to clear their account with the justice system. Cynics will see this as further encouragement to the campaign for an amnesty of those caught up in the corruption scandals.

Robert Graham

Italy in telecoms watchdog move

By Paul Betts in Milan

The Italian parliament is expected to approve controversial new legislation to regulate the future of television broadcasting and telecommunications in Italy by the end of this month.

Legislation, passed by the Chamber of Deputies on Wednesday night, sets the framework for new pay television services to be operated by a common digital pay TV system, the market shares television networks can control, and establishes an independent regulatory authority for both broadcasting and telecommunications. The move clears the way for privatisation of the Telecom Italia telecommunications group in the autumn. The flotation, the biggest undertaken by the government to date, could not go ahead before the regulatory authority was in place.

The Senate, where the centre-left government holds a clear majority, is expected to rubber stamp the legislation before the end of July enabling the government to establish the new broadcasting and telecoms regulatory authority in September. The president of the body will be chosen by Mr Romano Prodi, the prime minister, while eight other members of the authority will be elected by parliament.

The issue has divided the centre-left governing coalition and the rightwing opposition for the past months largely over the conflicting broadcasting interests of the Rai state television network and the private Mediaset television empire of Mr Silvio Berlusconi, the opposition leader. However, a series of last minute compromises and amendments have now enabled passage of the legislation in the lower chamber with the remaining passage in the upper house widely regarded a formality.

Under the new legislation, no single network will be able to control more than 20 per cent of television broadcasting nor more than 30 per cent of total revenues including advertising and licence fees. The new regulatory authority will also establish for how long the Rai state network can continue to raise advertising revenues for its three channels. Ultimately Rai, which also receives licence fees, will only be able to tap the advertising market for two of its channels.

Mediaset for its part will be able to continue for the time being to operate three terrestrial channels but eventually one of its channels will have to switch to satellite broadcasting.

The legislation allows Rai and Telecom Italia to enter into the pay TV business and become shareholders of Telepiu, the pay TV station controlled by the French Canal Plus group.

EUROPEAN NEWS DIGEST

Çiller spy charge probed

A Turkish military prosecutor has begun investigating claims by an extreme leftwing publication that Mrs Tansu Çiller, the former prime minister, spied for the Central Intelligence Agency. According to a magazine owned by the Workers party, Mrs Çiller volunteered as a CIA recruit before she went to study in the US in the early 1970s.

The armed forces have seemed determined to destroy Mrs Çiller politically ever since she participated in the 11-month Islamist-led coalition that collapsed last month under intense military pressure.

Military prosecutors have also accused her former interior minister of spying on the forces and detained a police intelligence chief on similar charges.

The US embassy said that "any suggestion of a clandestine relationship between Mrs Çiller and the US government is completely false". Mrs Çiller herself said: "Whoever takes these claims seriously should be ashamed of themselves." *John Barham, Ankara*

■ DASSAULT ALLEGATIONS

France to hand over papers

France has agreed to hand over documents long demanded by the Belgian justice authorities on alleged corruption involving Mr Serge Dassault, managing director of the French aviation group Dassault.

President Jacques Chirac agreed at a meeting in Brussels with Mr Jean-Luc Dehaene, Belgium's prime minister, to transmit most of the documents, ending a dispute which had soured relations between the two countries.

Belgium asked the French authorities in October 1995 to assist in searching Dassault offices in connection with allegations that the aviation group had paid bribes to the Socialist parties in Wallonia and Flanders to win contracts to modernise Belgian military aircraft. But France has delayed sending documents connected with the case, on the grounds that they involved French national security issues.

Belgium had also issued an arrest warrant for Mr Dassault after he refused to appear before Belgian investigators. It withdrew it last month after Dassault's lawyers supplied documents. *Neil Buckley, Brussels*

■ BASQUE BLAST

Eta bomb suspected

An explosion ripped through an apartment believed to be a hideaway for the Basque guerrilla group Eta yesterday, only days after the separatist rebels killed a young politician. Police said no one had been injured. They suspected the blast might have been triggered by bomb-making materials stored in an Eta "safe house" in the Basque town of Durango. They said they had found an arsenal of weapons inside the apartment, including grenades and bomb parts.

Gestoras Pro Amnistia, a human rights group that lobbies for better conditions for Eta prisoners, said one man had been arrested, although this could not be confirmed officially. Police blanketed the area and set up roadblocks in the search for suspects.

Millions of people have been taking to the streets throughout Spain to express their outrage at the murder of the Basque politician Miguel Angel Blanco. In some cases, angry crowds have attacked Eta sympathisers.

In the Basque city of San Sebastian, officials have been bracing for a demonstration planned for tomorrow by Eta's political wing, Herri Batasuna. The Basque regional government on Wednesday banned the protest for fear it would ignite more violence. Herri Batasuna said yesterday it had filed an appeal but would call off the rally if the ban was upheld. *Reuter, San Sebastian*

■ BALKAN PROTESTS

British base attacked

Four grenades were thrown at the British base in the Bosnian Serb controlled town of Banja Luka yesterday, in apparent retaliation for a British swoop on two Serbs indicted for war crimes. Three of the grenades exploded but no one was injured. British peacekeeping soldiers fired warning shots and detained several suspects.

The attack was the second on international agencies yesterday. An explosion blew out windows of a hotel housing units of the Organisation for Security and Co-operation in Europe and the United Nations in the Bosnian Serb town of Pale. Elite British troops last week snatched a Bosnian Serb suspected war criminal and shot dead another who had resisted arrest. The tougher western approach to wanted war criminals has stirred Serb anger. Bombs have destroyed vehicles and damaged buildings housing international officials. A US soldier was stabbed in the shoulder with a sickle on Wednesday, and a grenade exploded near the house of a UN employee the northwest town in Prijedor. *Agencies*

■ PARIS STRIKE

Eiffel Tower stays shut

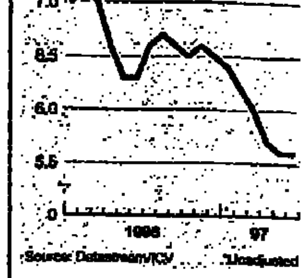
The Eiffel Tower remained closed for a second day as management met workers to try to end a strike at the Paris landmark, which is visited by about 5.5m people a year. Hundreds of dismayed tourists were turned away from the base of the 1,050 foot tower, completed in 1889.

Workers are striking in protest at the sacking of a man accused by a British tourist of manhandling her last month when she suffered vertigo and tried to get out of a lift as the doors were about to close.

The Eiffel Tower, rated the world's tallest building until the completion of the Empire State skyscraper in New York in 1931, claims to attract more paying visitors than any other such monument in the world. *Reuter, Paris*

ECONOMIC WATCH

Fewer Dutch out of work



Dutch unemployment fell to 5.6 per cent of the labour force at the end of June, compared with 6.3 per cent at the same time last year, according to unadjusted figures from the central statistics bureau. The number of people without a job has been declining steadily since early 1994. At the end of June 376,000 people were registered as unemployed, down from 418,000 in the same period last year. Dutch job creation has been boosted by measures to deregulate the labour market, as well as by strong corporate performances. However, many of the new jobs are part-time. With roughly a third of employees working less than 38 hours a week, the Netherlands has the highest rate of part-time employment in the industrialised world. *Barbara Smit, Amsterdam*

NEWS: EUROPE

Kohl rival seeks allies in Greens

By Ralph Atkins in Bonn

Mr Gerhard Schröder, the most likely Social Democratic challenger to Chancellor Helmut Kohl in Germany's federal elections next year, has indicated a willingness to work in coalition with Greens – and also with allies of Mr Kohl.

In an interview yesterday, Mr Schröder went further than before in expressing his desire to run for the top job – and to re-draw the country's political map. By reaching out across the political spectrum he also reflected the widespread desire to break the log-jam in Bonn politics which has hampered attempts at structural reform.

Mr Schröder, currently prime minister of Lower Saxony, told Stern magazine that an SPD-Green majority in the Bundestag, or lower house of parliament, was "the most likely" outcome of next year's elections. "We must make clear in timely fashion that we want a Red-Green coalition. The people won't buy us when we hum and ha and say we'll decide after the election," he said.

His comments contrasted with the stance of Mr Oskar Lafontaine, the SPD leader, who may yet decide to run himself. Mr Lafontaine has so far refused to be drawn on a Red-Green coalition.

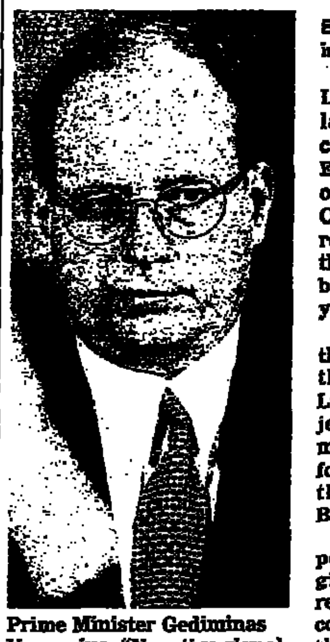
The SPD is not due to select its chancellor candidate until next spring but a survey of 600 top business people, politicians and civil servants for the economics magazine Capital yesterday showed almost 90 per cent of managers believed Mr Schröder would be the party's standard bearer. Some 59 per cent of business and 51 per cent of the politicians expected a change of government after the election.

The same survey found that more than 80 per cent of those surveyed believed Germany was suffering a "reform jam". Mr Kohl's efforts have been hampered by the SPD-dominated Bundesrat (upper chamber), which has obstructed plans to reform Germany's complex and unfair tax system. A conciliation committee is due to meet on July 30 to attempt to thrash out a parliamentary deal.

Mr Schröder opposed a "grand coalition" combining the SPD with Mr Kohl's Christian Democratic/Christian Social Union but suggested that if a Red-Green coalition failed to find a majority, he could work with CDU figures, among them Mr Volker Rühe, the defence minister, and Mr Kurt Biedenkopf, prime minister of Saxony, who is among the more radical proponents of pension reform.

Warning of resurgent Russian nationalism ☐ Commission 'used obsolete data'

Lithuania presses EU for accession



Prime Minister Gediminas Vagnorius: "Negative signal to reactionary forces in other countries... could affect the stability of our country" Janerik Henriksson

By John Thornhill in Vilnius

Lithuania will next week launch an aggressive campaign to persuade European Union leaders to overturn the European Commission's latest recommendation and invite the biggest Baltic state to begin accession talks next year.

Mr Gediminas Vagnorius, the prime minister, warned that further delays in Lithuania's application to join the European Union might encourage nationalist forces in Russia to re-assert their influence over the Baltic region.

"I think the Commission's political conclusion may give a negative signal to reactionary forces in other countries which could affect the stability of our country," he said yesterday in an interview with the Financial Times.

Earlier this week, the Commission recommended that only one Baltic state – Estonia – should be among a group of six countries to start talks on accession in 1998.

It argued that reforms in Lithuania and Latvia were lagging behind and that they should not be accepted among the first wave of applicants.

EU leaders will draw up a final shortlist at a summit meeting in Luxembourg at the end of the year although it is thought unlikely that they will override the Commission's recommendations.

Mr Vagnorius said Lithuania fully deserved to be among the first wave of applicants and criticised the "obsolete" data used by the Commission, questioning whether its conclusions had been made solely on objective grounds.

He said the Commission had understated Lithuania's success in combating inflation, which had been cut to 13.1 per cent over the course of 1996 and would fall to about 7 per cent this year.

The Commission had calculated Lithuania's annual inflation rate at June 1996 as amounting to 24.6 per cent.

Mr Vagnorius, who had pledged EU membership would be his government's top priority when entering office last October, said the Commission had also failed to take account of recent legislation speeding up privatisation and introducing new bankruptcy procedures.

The Lithuanian government will submit a detailed response to the Commission's analysis on Monday and will lobby EU member governments to support its cause at the Luxembourg summit.

"We have very good relations with Denmark and with other Nordic countries. We also hope that Germany is going to keep its promise to act as the defender of the Baltic states," Mr Vagnorius said.

Mr Algirdas Semeta, the finance minister, said that Lithuania's economic performance had improved strongly in recent months – as had been recognised by the Standard & Poor's credit rating agency.

Last month, S&P awarded Lithuania an investment grade rating of BBB minus, the same as Hungary and Poland, which were included on the fast track to EU membership.

Mr Semeta said this rating had enabled Lithuania to issue a $200m eurobond priced at just 105 basis points over US Treasury bills.

When Lithuania first entered the international capital markets in 1995 it was borrowing at a spread of 445 basis points.

EU lobbyists shout louder to be heard

Strasbourg assembly's new powers mean more work for pressure groups, writes Sander Thoenes

Strasbourg's holiday slumber was disturbed this week by the descent on the European Parliament of a bewildering army of ecologists, doctors, priests, patients, industry executives and farmers.

They went to battle over a highly complex directive to harmonise patent laws for biotechnological inventions which passed a first reading by MEPs on Wednesday. It is intended to help ensure that biotech research and development in Europe will eventually make a profit and help the industry catch up with US competitors.

Many of the interest groups see their campaign as a watershed for lobbying the European Union institutions. This week's was the largest lobby to date aimed at the European Parliament, and reflected the assembly's growing influence over the European Commission and the Council of Ministers.

It was also one of the more emotional lobbying efforts.

Opponents, united behind the slogan "No patents on life", warned that industry would monopolise human genes, plants and animals and obstruct medical progress. They bombarded MEPs with postcards of babies and pregnant women marked with barcodes and a question: "Patented?"

Supporters, however, countered with their own slogan: "Patents for life", and produced disabled teenagers to tell MEPs that biotech companies would not invest in life-saving new treatments unless their inventions were secured by patents.

Their arguments clearly won last week, when the draft directive came to a vote in the Parliament, with 388 members voting for and only 110 against. "Emotional appeals are very effective," said Mr Paul Adamson, a veteran Brussels lawyer.

The growing influence of the European Parliament has made it the target of an upsurge in lobbying effort.

For decades, it did little more than consult the European Commission, which drafts legislation, and the Council of Ministers, which adopts laws. But the Maastricht treaty gave parliament a limited veto over Council votes and this was extended in the treaty agreed at last month's Amsterdam summit.

So far, however, Parliament has exercised this right only once – in 1995, on the earlier version of the patent directive it approved on Wednesday. "I think it stupefied the industry," said Mrs Maartje van Putten, a Dutch MEP. "It was the first realisation: My God, parliament has a say."

Lobbyists say their greatest challenges in pressing a case at the European Union level are the many nationalities and the delicate balance of power between Parliament, the Commission and the Council.

"There is no obvious single body which decides. And even there were, it would be made up of many nationalities and interests," Mr Adamson said. "You have to seek alliances."

Divided by nationality and party loyalties, factions in parliament rarely vote as one. For instance, the Socialist bloc split over the patent directive. In Council and the Commission it means that decisions are usually taken by consensus, as hard-fought compromises.

"Decisions are made for totally absurd reasons, just because it's one country's turn to get its way," said Ms Liz Hosken, director of the UK-based Gaia Foundation which opposes the patent directive. "The real issues get diminished."

Much of the lobbying still focuses on the Commission in Brussels. Mr Raymond Calamaro, a partner in the law firm Hogan & Hartson, likens Brussels to Washington DC, the world capital of influence peddling.

Like Washington, he said, "Brussels cannot have a good feel for the pulse of Europe. It's too large". But compared to the Washington Beltway, "Brussels is a little less transparent. More time of lobbyists goes into figuring out what happened or getting the key document. There is a democratic deficit."

Few can afford lobbying Brussels, Luxembourg, Strasbourg as well as the 15 member states. Mr Alastair Kent, leader of an alliance of patient groups which support the patent directive, said his lobbyists accept free flights and hotel rooms from biotechnology industries, while animal right groups pay their own way or stay at home. "If we didn't get this help from industry, how would we get there?" he said.

Next on the biotech lobby's agenda is a draft proposal to label and perhaps even segregate genetically modified crops such as maize and soya beans. Companies fear negative labelling may scare buyers and say segregation of crops would be costly and impractical.

But they may find that lobbying overkill can backfire. "There are too many lobbies here," said Mr Antonios Trakatellis, a Greek MEP in Strasbourg. "We have to regulate the business of lobbying. We can't do our job properly. It should be a balanced influence."

"Patented?" asks the caption of this postcard, with which lobbyists opposing the biotechnology directive this week bombarded European MPs through the mail

NEWS: THE AMERICAS

New spotlight for tobacco deal

When the big US tobacco companies started talks with state lawyers and other groups leading to last month's proposed $368.5bn settlement, their stated goal was simple and unequivocal: "Total peace now and forever."

But as attention shifts from the smoke-free rooms where the deal was negotiated to Washington where it has to be approved, it is becoming clear that this result may prove more elusive than expected.

As the White House and Congress start to examine the small print, opinion is sharply divided on whether the settlement is a historic opportunity or a "Trojan camel" through which the industry will protect its profits while insulating itself from future lawsuits.

The fault lines are opening up in three main areas: the right of the Food and Drug Administration to regulate nicotine, the ability of tobacco companies to restrict disclosure of potentially incriminating documents, and the price tag and penalties.

The White House and Congress must examine deal Glyn Genin

The first issue was raised last week by President Bill Clinton, who said he strongly opposed a key provision requiring the FDA to prove that regulations on nicotine would not create a black market in cigarettes. In talks with industry representatives, White House officials have since confirmed they would insist on some changes in this area.

Meanwhile, a report on the proposal by a panel of prominent health groups, which has strong congressional support, hit out at a compromise which would allow the industry to delay release of sensitive information about its knowledge of the health implications of tobacco products until after the deal becomes law.

The most important and contentious element, however, is financial. Negotiators who agreed the settlement support it on the grounds that the sum to be paid is probably greater than would be achieved even if existing lawsuits were successful.

TOBACCO: attention shifts to Washington

Main areas of political concern about the deal:
- Restrictions on the FDA's ability to regulate nicotine
- Delays in the release of potentially incriminating documents
- Inadequate targets and penalties on under-age smoking
- Tax deductibility of settlement payments
- Legal and constitutional problems

Nevertheless, the positive effect that news of the talks had on tobacco stock prices has concerned legislators who fear the industry is being unjustly rewarded. The White House is also worried that settlement payments would be tax deductible – in effect costing the federal government revenues in the region of $100bn over 25 years.

"Congress should not settle for a mere $15bn per year when justice demands and the industry can afford to pay a great deal more," said Mr Hubert Humphrey III, Minnesota attorney-general.

Equally concerned about future wrongs, public health advocates are also demanding tougher targets on cutting under-age smoking – currently the deal calls for a 60 per cent fall in 10 years – and stiffer financial penalties if they are not achieved.

Finally, the settlement may run into legal difficulties, particularly as the Supreme Court recently struck down a similar $1.3bn deal to settle claims against former asbestos makers on the grounds that it did not meet federal requirements.

Nevertheless, what is most striking about the political debate is that it already focuses on details.

The principle of a comprehensive settlement has been broadly accepted by all sides. And as Mr Richard Blumenthal, Connecticut attorney-general and one of the architects of the deal, pointed out, while some provisions may require modification, ultimately policymakers will have to assess it as a whole. "The key question is whether the final package is worth the price." he said.

Mark Suzman

Argentine jobless rate down to 16.2%

By Stephen Fidler, Latin America Editor

Argentina's unemployment rate dropped in May to about 16.2 per cent of the workforce, Mr Roque Fernández, the economy minister, said yesterday.

The figure – a preliminary estimate of an official figure to be released shortly – suggests Argentina's rapid recovery from the 1995 recession is generating jobs.

Argentine unemployment, which is surveyed twice yearly, was at 17.3 per cent in October, having peaked at 18.6 per cent in May 1995.

Mr Fernández said in a London interview that the fall was especially marked – between 1.6 and 1.8 percentage points – in the Greater Buenos Aires area. This area has borne unemployment rates of close to 20 per cent.

The minister said labour market reforms now before Congress could have a big effect in bringing down the jobless rate further.

If the reforms were passed in full, unemployment could fall to 6 per cent by the end of the century. A compromise of the type being considered by Congress would permit a fall to 10 per cent, but if nothing was done, unemployment would still be stuck at 14 per cent by 2000.

The minister said preliminary figures suggested growth in the second quarter had kept pace with the first quarter's 8 per cent rate. Investment was up some 28-29 per cent and exports 14 per cent.

■ An Argentine appeals court has overturned bribery charges and arrest warrants issued in May against former executives of state-owned Banco Nación and IBM Argentina, Ken Warn reports from Buenos Aires.

The decision was a setback for the investigating judge, who alleged that IBM Argentina agreed to pay a $37m bribe to secure a $249m contract to computerise the bank's branches in 1994.

AMERICAS NEWS DIGEST

EPA defends pollution move

Ms Carol Browner, head of the Environmental Protection Agency, insisted yesterday that tough new air pollution standards were compatible with economic growth, and laid out a flexible plan for implementing them. "Environmental protection and economic progress do go hand in hand," she said, while defending new standards on ozone and soot that she signed into effect this week as "the most significant step in a generation" to combat pollution. No new controls on ozone levels would be imposed at local level until 2004, while the new standards for particulate matter, or soot, would not be enforced at local level until 2005, or possibly 2008, she said.

The burden faced by individual counties would be eased by tackling air pollution through regional plans, and through trading systems under which plants whose emissions are well below the permitted level can sell "pollution credits" to units which find cleaning up more difficult. Companies that could not find any cost-effective way to limit pollution could pay into a clean-air investment fund, administered at state level, which might spend the money elsewhere. *Bruce Clark, Washington*

■ PERU SCANDAL

Two ministers resign

Two high-profile resignations have hit the Peruvian government in the fall-out from last weekend's telephone tapping scandal and the withdrawal of the nationality of a prominent television channel shareholder. Mr Francisco Tudela, Peru's foreign relations minister since mid-1995 and a specialist on Peru-Ecuador relations, has resigned his cabinet post, as has General Tomas Castillo Meza, the defence minister. The interior minister, General Cesar Saucedo, is moving to the defence portfolio. Other changes are widely rumoured.

Mr Tudela leaves at a critical moment. Peru and Ecuador are meeting in Brasília in preliminary talks over the "impasses" to a lasting border settlement. The appointment of Mr Eduardo Ferrero Costa as his successor is clearly an attempt to lessen the blow: he has been a key member of the negotiating commission since November. *Sally Bowen, Lima*

■ BRAZIL PUBLIC SPENDING

Stabilisation fund extended

The Brazilian government has won another important victory in its fight to keep public spending under control after the lower house of Congress approved a two-year extension to the Fiscal Stabilisation Fund (FEF). This allows the federal government to keep control of about 20 per cent of its receipts which under the constitution are supposed to be passed to state and municipal governments automatically.

Members of the lower house, who last week approved an important civil service reform bill, voted 359-51 in favour of the FEF bill. Before the fund becomes law it must be approved again in the lower house and twice in the Senate.

The government argues that FEF, first introduced in 1994 as an emergency measure, is a vital instrument in controlling public spending while it attempts to push through deeper fiscal reforms. *Geoff Dyer, São Paulo*

■ The Venezuelan government has postponed its proposed petrol price increase until July 31.

US growth poses budget problems

By Gerard Baker in Washington

The prolonged US economic expansion has all but eliminated the federal budget deficit, complicating the efforts of the Clinton administration and the Republican-controlled Congress to reach an early budget agreement, according to figures published yesterday.

The Congressional Budget Office reported that, based on its calculations of government revenues and spending up to the end of June, the deficit in the first nine months of the current fiscal year had fallen to just $11bn, down from $74bn in the same period last year.

The sharp decline is largely the result of continuing economic growth which has proved much stronger and more durable than forecast by government economists. The faster pace of expansion has raised tax revenues and cut the growth of government expenditures. In May alone, tax receipts rose by 8.4 per cent from a year earlier, while spending was up by just 3.4 per cent.

Over the course of the full fiscal year, which ends in September, the deficit looks set to fall as low as $30bn, economists believe, bringing within grasp the first balanced federal budget in 30 years.

News of the deficit's near-demise comes at an awkward time for President Bill Clinton and congressional leaders. The two sides are currently locked in final negotiations to approve measures aimed at balancing the federal budget by 2002. The plans include a range of spending and tax cuts, all of which were based on earlier estimates that the budget deficit would be much higher in this and subsequent years without remedial action.

In February, when Mr Clinton announced his proposals, the Congressional Budget Office estimated the deficit would be $120bn this year, rising to $190bn in 2002 on unchanged policies. Those figures now seem much too high.

The risk for the budget talks is that the unexpectedly fast growth in revenues may be seen by the public to have invalidated the whole budget-balancing exercise. In an effort to avoid public criticism, the White House took the unusual step earlier this week of delaying its regular, mid-session estimates of the US fiscal position. Officials were said to be concerned the good news on the deficit would undermine the talks.

Some Republicans have said the rapidly falling deficit should be used to cut taxes even further.

Construction starts on new US homes and apartments rose modestly in June, the Commerce Department said yesterday, as building began to show signs of levelling off from a fast pace earlier this year, Reuter reports from Washington. Total starts rose by 4.8 per cent to a seasonally adjusted annual rate of 1.45m in June. That followed a revised 6.6 per cent drop in May to 1.39m, which was previously reported as a 4.8 per cent fall. Last month's building rate was down 2.4 per cent from June 1996. "Overall, the housing market appears stable and healthy," said Mr Kent Colton, executive vice president of the National Association of Home Builders, the builders' lobby group.

NEWS: INTERNATIONAL

US urges UN seats for developing countries

By Michael Littlejohns at the UN in New York

The US yesterday attempted to break the deadlock over reforming the UN Security Council by proposing that seats should be reserved for developing countries.

The plan would double the number of permanent members by giving one seat each to Africa, Asia and Latin America, as well as permanent membership to Germany and Japan.

The proposal follows separate sweeping reform proposals for the UN unveiled on Wednesday by Mr Kofi Annan, secretary general.

Mr Bill Richardson, the US delegate, disclosed the American policy shift to delegates discussing expansion of the Security Council, the only UN enforcement body which can adopt resolutions binding on all members.

While there is consensus that the council should expand, there has been no agreement on how to do it. An immediate reaction was that the US plan would be insufficient to move the process towards early agreement.

The most the diplomats expect to agree on before the end of the year is the need for expansion if the council is to reflect adequately the UN's greatly changed face from 52 years ago. Then there were 51 members; today there are 185, including such tiny countries as Monaco, San Marino and Liechtenstein. The Security Council has 15 members, 10 of which are elected for two-year terms, and five permanent members – the US, Britain, France, Russia and China.

Under the US plan, the developing regions themselves will choose candidates and decide whether they should serve permanently or have "semi-permanent" status through rotation. A Latin American delegate said elections for four years was a possibility if that would help a consensus on one of the UN's most vexed issues.

There is bitter rivalry among countries such as Brazil, Argentina and Mexico in Latin America; in the African group, among Egypt, Nigeria and South Africa; and in Asia among India, Pakistan and Indonesia.

Yesterday Mr Annan summoned the entire staff to a meeting to explain his top-to-bottom reform proposals. "We should ask ourselves how we can do more with less without affecting quality and impact," he said.

Cuts in the secretariat would be achieved mainly by attrition and he made it clear he wanted to avoid "spilling blood". But the average employee's age of 49 was too high and it was "not healthy" that only 5 per cent were under 35.

Eliminating 1,000 posts, along with normal retirement, will cause further substantial reductions but critics of the UN in the US Congress have not been placated. Responding to the reform proposals, Senator Rod Grams, chairman of the Senate foreign relations subcommittee that deals with the UN, called them "very underwhelming". He questioned whether Mr Annan – who is a personal friend – had yet done enough to ensure the US would pay its arrears, which the UN estimates at \$1.3bn (£776m).

"This package – a shuffling of the cards without producing a smaller deck – shows the secretary general can't do it alone."

Mr Marc Thiessen, the spokesman for senator Jesse Helms, the UN's arch critic, commented, "They're going to have to go a lot further than this."However the EU yesterday welcomed the shake-up, which it said aimed to put the UN on course to play "a fully effective, transparent, responsible and dependable role".

In Germany, Mr Klaus Kinkel, the foreign minister, said Mr Annan was sending a positive signal.

"We cannot allow the impetus that the secretary general has given to the reform with his report to be talked to death," he said.

EU tries to break Mideast deadlock

The European Union is trying to set up a meeting between Mr Yassir Arafat, the Palestinian leader, and Israel's foreign minister, Mr David Levy, in Brussels to discuss ending a Middle East peace deadlock, writes Reuter in Jerusalem.

Both have been invited to a meeting of the EU's 15 foreign ministers on July 22. "It could lead to a meeting provided there is progress," said a spokesman for EU Middle East envoy Miguel Moratinos.

Such a meeting would be the highest Israeli-PLO contact since Mr Arafat and Mr Levy met briefly at a Euro-Mediterranean conference in Malta in April in a handshake that was highly publicised but failed to achieve a breakthrough.

Israeli-PLO peace moves have been in crisis and the West Bank and Gaza rocked by unrest since March when Israel decided to build a new Jewish settlement in East Jerusalem.

● Israel and Hizbollah guerrillas both violated a ceasefire with attacks this month, according to a five-nation monitoring group. The ceasefire understanding, which brought to an end 17 days of an Israeli blitz on Lebanon last year which killed 200 people, banned the targeting of civilians on both sides of the border.

The monitoring group – the US, France, Israel, Syria and Lebanon – said Israel violated the understanding when tank fire killed a Lebanese civilian in south Lebanon on July 12, "whether intentional or not", while an Israeli mortar attack on July 14 in which two civilians were killed was "a possibly unintentional violation".

The monitors said the firing of one Katyusha rocket by Hizbollah into northern Israel on July 15, "whatever the motivation was a violation of the understanding" while the wounding of a Lebanese civilian in guerrilla rocketing of Israel's occupation zone was an "unintentional violation".

Scandal undermines investors' confidence in Moi

Doubts about Kenya are as much to do with the Goldenberg affair as with recent demonstrations

President Daniel arap Moi is nothing if not a survivor, but as he braces for only the second multiparty elections of his administration, the 73-year-old Kenyan leader faces the toughest challenge of his 19-year rule.

Mounting domestic pressure, a rapidly growing economic squeeze by donors and the unwelcome resurgence of the multi-million-dollar scandals that have haunted his government are undermining his position on all sides.

All this at a time when the downfall of another seemingly invincible veteran African leader – President Mobutu Sese Seko of Zaire – must have Mr Moi looking nervously over his shoulder. Rarely has he looked so isolated, both at home and abroad.

A few dozen pro-Moi demonstrators take to streets in Nairobi yesterday AP

When a history of modern Kenya is written much attention will be devoted to the role played by civic groups, opposition and church leaders in pressing Mr Moi to see through the democratic reforms he initiated so unwillingly in the early 1990s.

But while the blood shed by pro-reform demonstrators who braved police clubs undeniably fuelled the anger of the donors, something simpler lies at the core of the foreign frustration that could well make change inescapable for Mr Moi in the weeks ahead: the notorious Goldenberg scandal, the scam that cost the country \$430m.

Were it not for the government's long-running failure to punish the individuals involved or recoup the funds lost in that financial scandal, Kenya might still be enjoying the indulgence of the International Monetary Fund and the all-important seal of approval that involves.

But the Fund's decision earlier this month to threaten to suspend its programme unless concrete action was taken on Goldenberg provided already anxious bilateral donors with a convenient excuse to target Kenya. This may well end up as a milder version of the 1991 aid freeze that forced Mr Moi to allow multi-party elections.

Goldenberg was breathtaking in the levels of greed it exposed at the top. What began in 1991 as the crude falsification of export invoices, to benefit from government export incentive schemes, escalated over the next two years into a series of frauds estimated to have cost Kenya the equivalent to 10 per cent of the country's annual gross domestic product.

The irregularities drew in Central Bank of Kenya officials, Kenyan businessmen, senior politicians and ultimately two international banks.

The scams – which involved the payment of export incentives for fictitious exports of diamond and gold by Goldenberg International, a Nairobi trading company – fuelled already excessive money supply and inflation, increased the government's domestic debt, and contributed to the devaluation of the Kenyan shilling by 47 per cent in 1993.

Aid to Kenya (\$m)

	1991	1992	1993	1994	1995
Bilateral, of which:					
Denmark	32.2	18.8	18.9	21.4	21.5
Germany	54.5	68.0	55.1	46.7	52.3
Japan	197.9	128.7	141.7	128.9	198.4
Netherlands	26.4	54.2	48.1	42.0	36.4
Sweden	27.4	28.4	18.0	17.4	19.8
Britain	66.3	47.3	39.5	44.3	34.8
US	63.0	56.0	38.0	29.8	36.0
Total	608	520	427	401	459
Multilateral, of which:					
IDA	177	86.2	218.8	88.9	149.8
IMF	47.9	–	27.7	18.5	–39.1
Total	921	898	911	877	732

Source: OECD

Notwithstanding the impact on the economy, court proceedings against Mr Kamlesh Pattni, Goldenberg's owner, dragged on inconclusively for years following exposure of the affair. While Mr Pattni tried to restore his battered credibility by being photographed feeding porridge to Nairobi street children, his lawyers wrangled expertly on his behalf.

Last month, to the surprise of few Kenyans, the case collapsed when two judges decided to dismiss the 90-odd charges against the accused. Although Mr Amos Wako, Kenya's attorney-general, has promised to file new charges, most Kenyans believe the establishment has too much to lose to allow the truth come out.

Ironically, the Goldenberg issue – or rather, IMF anger over the state's failure to tackle it – is now continuing to affect Kenya's economy as donor disapproval and the civil unrest tarnishes the country's reputation as one of Africa's most alluring emerging markets.

The investment most likely to be affected is the three-month treasury bill market, which until now has been experiencing a boom. Three-month bills, denominated in local currency, have attracted about \$400m in foreign investment since the market was opened up to foreigners about a year ago – not a lot by the standards of other emerging markets, but substantial in African terms.

Mr Christopher Hartland-Peel, Standard Bank London's sub-Saharan analyst, takes a resolutely bullish stance. Investors, he maintains, had been attracted by the stable currency and high yields. "Some investors have liquidated positions, but not to any significant degree. It seems the currency has weathered the storm for the time being. Obviously we are watching the situation," he said.

Nevertheless, the Kenyan shilling has lost 7 per cent to about 59 shillings to the dollar as a result of the violent crackdown on political protests. It reached a worst level of 61.50 to the dollar on Friday last week, prompting central bank intervention to bring it back to more respectable levels.

The stable currency had been a key factor in fuelling foreign investment in treasury bills. Mr Hartland-Peel said by Kenyan standards the investment had been substantial – no less than 40 per cent of the level of reserves of about \$1.1bn.

The acid test, however, is yet to come.

If Mr Moi can meet the crisis by introducing the constitutional reforms that will pave the way to free and fair elections, Kenya may yet recover its status as one of Africa's leading investment opportunities.

If not, the shilling – and Mr Moi – may well be in for a rough ride.

Michela Wrong, Michael Holman and Greta Steyn

NEWS: WORLD TRADE

EU warns Asia on financial services deal

By Frances Williams in Geneva

Senior trade diplomats negotiating a global pact on opening financial services markets to foreign competition yesterday expressed optimism over developments since the World Trade Organisation talks resumed in April.

But, at the same time, the European Union again warned that a successful outcome by the deadline of December 12 could be jeopardised by lack of movement by east Asian nations.

Mr Yoshio Okubo, the Japanese finance ministry official who chairs the WTO talks, said after a meeting of negotiators yesterday that he was encouraged by governments' evident commitment to reaching a deal.

Some 36 countries (including the 15 EU member states) have submitted new or revised offers to liberalise their banking, insurance and securities sectors. They comprise the Quad group – the US, EU, Japan and Canada – as well as Australia, Bahrain, Hong Kong, Hungary, Norway, Slovakia, Switzerland and Turkey.

Venezuela is expected to present an offer as early as today, and 10 other countries say they hope to table proposals by mid-September, among them Israel, Poland, Egypt, Brazil, South Korea and New Zealand.

However, India and members of the Association of South East Asian Nations (Asean) are notable absentees from this list. All four Quad members say the willingness of these countries to be more forthcoming in opening their financial services industry will be critical to reaching a deal.

The US, without which a WTO accord cannot succeed, walked away from an earlier accord in 1995 because it felt Asian and Latin American nations had not gone far enough in providing opportunities for foreign companies for it to open its own vast market to allcomers.

Mr Hans Friedrich Beseler, the EU's top trade negotiator, said yesterday that the talks were going "in the right direction". The decision by Washington to offer full non-discriminatory access to its current and future financial services market eliminated a big stumbling block.

But Mr Beseler said Malaysia's "indigenisation policy", which aims to reduce foreign shareholdings to a minority stake, was "exactly the opposite of what we are trying to do" in the WTO talks.

"This could be a serious problem if other countries follow suit, and there are signs that Malaysia is unfortunately not alone... that Indonesia and perhaps others may also be going in that direction," Mr Beseler said.

Senior US officials are planning to tour seven Asian countries next month – India, Japan, South Korea, Malaysia, Indonesia, Singapore and the Philippines – in a drive to secure better market-opening commitments.

WORLD TRADE NEWS DIGEST

Big future for small cars

World production of small cars is about to boom, largely through Europeans opting to "downsize" to smaller cars rather than growth in developing markets, according to a study of vehicle production trends. Output of so-called "A" and "sub-B" segment cars, ranging in size from Fiat's tiny Polish-built Cinquecento to vehicles like the Peugeot 106 and Ford Fiesta, will rise 36 per cent between last year and 2002 – three times the rate of car production growth overall – says the study by the Economist Intelligence Unit.

Total annual car output is forecast to rise by 12 per cent from 39.6m cars last year to 44.4m in 2002. Fiat is the largest producer in the two segments but will be overtaken by Toyota and its associate company Daihatsu by the start of next century, the study predicts.

The boom will still leave small cars accounting for only 5.9 per cent of total world car output by the year 2002, according to the forecast. Larger "C" sector cars – typified by the Ford Escort – are predicted to continue dominating the market.

World Model Production Forecasts. 1997. EIU, 15 Regent St, London SW1 4LR. £1,245/\$1,875
John Griffiths

■ BRAZILIAN IMPORTS

Offer to raise EU car quota

Brazil has offered to increase its quota for car imports from European Union countries from 9,700 cars a year to 14,000 cars from August in an attempt to avoid a clash at the World Trade Organisation.

Brazil set up its car quota system last year as a concession to car makers in Japan, South Korea and the EU, after introducing higher import tariffs for carmakers which did not have a manufacturing base in the country in 1995. The quota scheme allows manufacturers from the EU, Japan and South Korea to import 50,000 cars a year into Brazil at a reduced tariff.

But Brazil has subsequently come under increasing pressure to make further concessions. During a visit to Brazil earlier this year, Sir Leon Brittan, the EU's trade commissioner, threatened to call for a WTO investigation into Brazil's car policy if significant changes were not implemented. Japan and the US have also complained.

Geoff Dyer, São Paulo

■ AIR TRAVEL

Qantas seeks Chinese route

Qantas, the Australian airline, is seeking permission from Beijing for new air routes over south-west China which would significantly reduce flight times to Europe and allow increased payload.

The carrier has 14 passenger flights a week between Australia and the UK, via either Singapore or Bangkok, as well as services to Rome and Frankfurt. But traditional routings over the Bay of Bengal have become a bottleneck for Qantas and other carriers.

Analysts said Europe-bound airlines from Hong Kong, such as Cathay Pacific and British Airways, have enjoyed shorter journey times and increased cargo loads since China allowed a new short cut over Urumqi last year.

Reuter, Hong Kong

Mexicans buy into the US

By Daniel Dombey in Mexico City

Desc, one of Mexico's leading motor parts companies, is buying US-based manufacturing businesses and shipping them down to central Mexico. Its strategy takes advantage of the North American Free Trade Agreement (Nafta) and in large part realises the fears of the agreement's opponents.

The company this week announced the purchase of a majority stake in the transmission business of the Ohio-based Dana Corporation. If the sale is approved, operations will be wholly shifted to the central Mexican state of Querétaro within a year.

About 400 are employed by Dana's transmission division in three US states. Dana will convert at least one of the three plants to other activities.

This is the second time within a year that Desc has bought US-based assets with the intention of transferring facilities to Mexico. Other companies are likely to follow its lead.

"This should be the trend for the next 10 years for US-Mexico commercial relations, and Desc is one of the companies that will be leading it," according to Mr Shayne McGuire, an analyst at Deutsche Morgan Grenfell in Mexico City.

"The company could easily increase debt by \$500m to \$600m to finance further acquisitions."

Desc, a conglomerate which also takes in chemical products and food, provides motor parts to the Big Three US carmakers. Last year, it racked up 11.9bn pesos (\$1.5bn) of sales, of which autoparts represented 4.4bn pesos.

The price of the Dana deal was not announced. However, under the terms agreed, the US company will sell its transmission business to Spicer, a Mexico-based business in which Desc holds the controlling 51 per cent and Dana itself 49 per cent.

Last year, Spicer acquired the transmission business of the Indiana-based Borg Warner company. The company's operations, which achieved annual sales of about \$100m, are being moved to Querétaro.

"We already produced transmissions for cars and for light trucks. Now, with the acquisition of Dana's transmission business we have completed our range," said Desc.

Dana said it was divesting its transmission business to concentrate on those divisions that produced \$500m of sales and had global operations.

Exclusive supply deals bedevil Brussels line on Boeing merger

By Emma Tucker in Brussels

The most serious sticking point between the European Commission and Boeing over its proposed merger with McDonnell Douglas remains the exclusive supply deals signed by Boeing with American, Delta and Continental Airlines.

With just days to go before the Commission reaches its final decision – expected to be a ban on the merger – negotiations to break the deadlock on this issue continued yesterday.

Brussels believes the supply deals – which last for 20 years – exclude rival aircraft maker Airbus Industrie from too large a swathe of the market. It is pressing Boeing to scrap them altogether.

But Boeing has been unwilling to concede, offering instead to reduce the length of the supply contracts, and to not sign any more for a given number of years.

Mr Karel Van Miert, the competition commissioner, has described the deals as "totally unacceptable" but some industry observers are surprised that they had become the final sticking point.

"These exclusive deals are not all that serious," said an industry expert. "If you have a faithful customer who has been buying Boeing aircraft for years, they will continue to do so. British Airways does not officially have such an agreement, but it only ever buys Boeing."

Greater progress has been made on the two other critical competition concerns of the Commission, however.

First, Brussels may be prepared to accept an arrangement whereby Douglas Aircraft – the civilian operation of McDonnell Douglas – would be established as a separate legal entity within Boeing, with separate accounts and personnel.

This arrangement would be accompanied by commitments from Boeing not to "manipulate" airlines operating McDonnell aircraft, who will become dependent on it for maintenance and spare parts – pressing them to buy Boeing aircraft in the future, for example.

Brussels would have preferred an outright sale of Douglas Aircraft, but Boeing – backed by the US Federal Trade Commission – argued that the company was in decline and would not attract buyers.

This argument appears to have been taken on board by EU officials, although some said a sale should at least be attempted.

The third concern of the Commission related to the benefits Boeing's civilian operations stood to gain from McDonnell Douglas's access to government spending on defence research and technology.

Here the Commission has agreed that Boeing should provide the Commission with regular reports of the projects for which it gets research and development assistance, indicating the nature of the project and the value of the contract.

There is still hope on both sides that the impasse can be broken before Wednesday. Although the Commission argues that time has run out for Boeing to offer suitable remedies, it told representatives from EU member states earlier this week that its opposition to the merger was a "draft" decision, and that it did not exclude the possibility of finding a solution over the next few days.

According to Brussels observers, this mollified member states – including Germany, the UK, Sweden and Finland – which do not want the merger to be banned.

McDonnell Douglas shares dipped on the New York Stock exchange yesterday on news of lower-than-expected second quarter earnings, writes Christopher Parkes in Los Angeles. While revenues rose in all divisions, to a total of \$3.6bn against \$3.3bn in 1996, operating profits slipped to \$320m from \$328m, for an aggregate decline of 5 per cent to \$641m for the first half. After-tax profits for the quarter were almost 4 per cent higher at \$195m, but down 2.5 per cent for the half at \$376m.

Earnings per share for the year so far rose to \$1.79 from \$1.76 as a result of last year's share repurchase plan. This reduced the number of shares outstanding by 4.5 per cent before it was suspended last December following the announcement of the plan to merge with Boeing. Earnings per share for the second quarter stood at 93 cents, up from 87 cents last time, but they failed to match forecasts of about 98 cents.

Military aircraft operations showed the strongest revenue gains, although operating profit fell slightly as a result of lower earnings from the F/A-18 fighter programme. Lower margins also depressed profits in missiles and space, while McDonnell's fading commercial aircraft arm reported operating income down again at \$14m from \$18m last year.

By mid-morning the group's stock price had fallen \$1.81 to \$74.06.

صبكا من الاجل

ies

EU tries to break Mideast deadlock

loi

future for, all cars

good morning!

Hüls AG: The Chemicals Company within the VEBA Group

* There are olefin chemicals in this lifevest

Mobility coupled with the capacity to take advantage of market opportunities quickly and flexibly – that's the way to succeed on global markets. Which is why Hüls AG is sending us into the market as an independent limited liability company from January 1, 1998. Clustering all major activities in the field of olefin chemicals into a single independent company with clear market focus is only one of the many measures to feature in the Global Fitness Program of Hüls AG which in future will take on the role of strategic holding company. This opens up whole new market opportunities, paving the way for us to reach our ambitious goal of becoming a leading supplier worldwide. Watch this space for the name under which we'll be starting out. **Olefin Chemicals Division of Hüls AG, Marl, Germany.**

hüls

Discover The Link To Life

World Bank urges China to privatise

By Tony Walker in Beijing

The World Bank has called for sweeping privatisation of China's debt-burdened state enterprises in a report* which faults Beijing for a timid approach to its most intractable problem.

The bank, which avoids use of the word "privatisation" because of Chinese sensitivities, urges China "extensively to diversify ownership, allowing for passive minority shares" to overcome state-sector malaise.

"An emerging corporate governance vacuum, tax evasion, decapitalisation through wage increases, and private taking of assets and socialisation of liabilities impair performance and threaten the validity of the system," the unusually forthright report says. It coincides with preparations by China's leaders for their annual conclave at the Beidaihe resort, near Beijing, when state-sector reform will be high on the agenda.

The gathering is expected to endorse new policies facilitating sale of state companies to private investors, but Chinese leaders want to avoid criticism they are sanctioning a "sell-off" of state assets. Concern about unrest among laid-off workers is dragging on reform.

The report urges speedy completion of a new Contract Law to clarify ownership of enterprises as a vital step towards privatisation. Arguments about ownership among state agencies are one of the main barriers to reform.

Where small and medium enterprises predominate, the bank urges Beijing to "completely withdraw". This would signal the government is "serious about embracing non-state competition to foster stronger business performance".

China's state sector includes 118,000 industrial enterprises, 7,000 controlled directly by the central government. They account for about one-third of production, but profits have fallen from 6 per cent to below 1 per cent of gross domestic product since the early 1980s. In 1996, 50 per cent of state-owned industrial companies incurred net losses, up from one-third two years ago, amounting to 1.3 per cent of GDP.

"Despite past progress, SOE [state-owned enterprise] reforms have not met the government's policy aspirations. By spilling over to the fiscal and financial sectors, they jeopardise other critical elements of the government's economic reforms," the study said. It criticised the new system of state-controlled holding companies, known as State Asset Operating Companies, meant to be the vanguard of China's "socialist market economy".

**China's Management of Enterprise Assets: The State as a Shareholder. World Bank. June 5, 1997.*

Singapore allows currency to slip

By James Kynge in Kuala Lumpur

Singapore's *de facto* central bank yesterday allowed a significant depreciation in the country's currency following recent devaluations in other south-east Asian nations.

The Singapore dollar lost 0.6 per cent of its value against the US dollar, falling to its lowest level since February 1995.

The US dollar was worth S$1.4595 late yesterday compared to S$1.4485 early in the Asian day. Late on Wednesday the US dollar was at S$1.4457.

Currency dealers said that, unlike the recent devaluations of the Thai baht and Philippine peso, the Singapore dollar's slide did not represent a victory for speculators over the intervention of a central bank.

The Monetary Authority of Singapore (MAS) has intervened over the past few weeks to keep the local dollar stable but it did not enter the market yesterday.

Treasury economists said that while it had been possible for speculators to dictate the direction of other south-east Asian currencies, the Singapore dollar was regarded as a separate case.

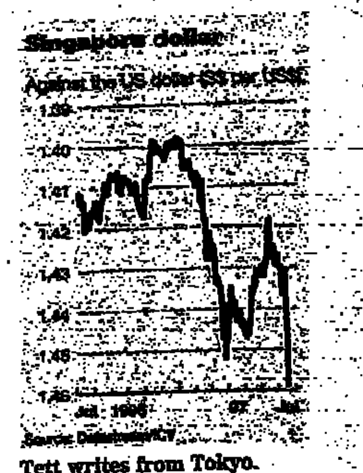
The supply of Singapore dollars is tightly restricted and the fire-power of MAS, which at the end of April had foreign currency reserves of S$114.3bn (US$79.5bn), is such that speculators generally refrain from attacking the Singapore currency.

MAS's decision to allow yesterday's weakening was driven by the need to shore up the island's export competitiveness.

This was crucial, economists said, as other south-east Asian manufacturers have benefited from the depreciation of their currencies. Singapore's export-oriented manufacturing sector accounted for 24 per cent of gross domestic product last year.

The local dollar's softening represents a departure from a long-standing MAS policy of guiding the unit gradually higher as a means to control imported inflation. Some 70 per cent of all goods traded in Singapore are imported but inflation has historically been low.

Economists said that the decision to chose enhanced export competitiveness in preference to, say, the control of imported inflation revealed a shift in Singapore's policy priorities. The city-state has in recent months become concerned about competition from manufacturers in Malaysia and Thailand. It set up a high-level committee charged with making recommendations on how to remain competitive despite rising wages, land rentals and other expenses, which make the island a relatively expensive base.



● The Bank of Japan yesterday denied receiving any official request from the Bank of Thailand to help Thailand overcome its currency crisis, which led to the forced devaluation of the baht two weeks ago, Gillian Tett writes from Tokyo.

The comment, which followed a meeting between the central bank governors of the two countries in Tokyo, damped speculation that any package of support would emerge in the near future.

Hun Sen faces an uphill slog in fight for hearts and minds

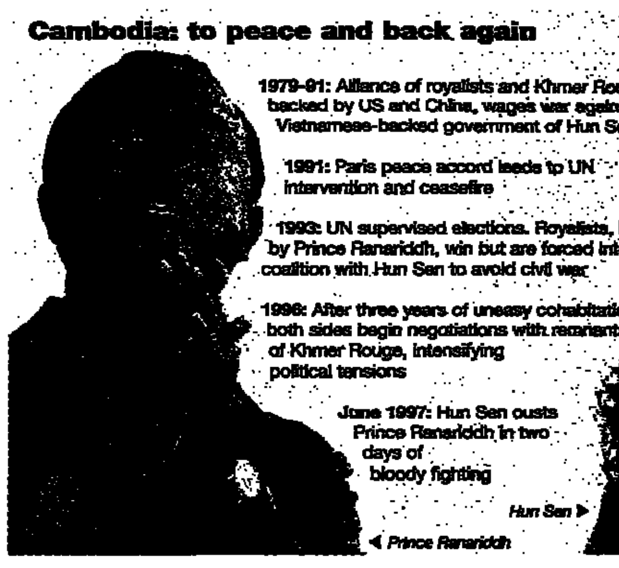
Worries also exist over the economy, writes **William Barnes**

"We must always love the man who has the guns, [but] people are sick of it," said a villager after listening to Cambodia's strongman Hun Sen shout about his country's glorious future just days after violently ousting his political rivals.

Mr Hun Sen may have the guns, the cash and well-connected friends, but he has yet to win a deeply weary Cambodian people to his side.

That much is apparent to foreign ministers of the Association of South-east Asian Nations (Asean), who are trying to resolve Cambodia's troubles following Mr Hun Sen's coup 12 days ago.

Cambodia: to peace and back again



Hun Sen ▶

◀ Prince Ranariddh

They will follow up yesterday's meeting with Cambodia's King Norodom Sihanouk in Beijing by holding talks with the ousted first prime minister, Prince Norodom Ranariddh, in Bangkok today, and with the second prime minister, Mr Hun Sen, in Phnom Penh tomorrow.

Mr Hun Sen's alliance with Prince Ranariddh, contrived after UN-supervised elections in 1993, was never easy. They co-habited but seldom co-ruled. The pretence was shattered 12 days ago, when Mr Hun Sen grabbed power, in a shoot-out in the capital, forcing the prince into the political wilderness.

Whether he remains there or is brought back into the Cambodian fold is a question for the international community, and chiefly Asean, which spent much time and resources cobbling together a semblance of normality in Cambodia.

On that score, Mr Hun Sen is clearly winning; he has swiftly consolidated political power in Phnom Penh. This week, he appointed Mr Ung Huot, foreign minister and a member of the prince's royalist party, to succeed Prince Ranariddh as first prime minister.

Mr Ung Huot said he had accepted the task to prevent Cambodia slipping back into civil war.

His move, which preserves the façade of the coalition government, together with Mr Hun Sen's promise to hold scheduled general elections on May 23 next year, will ensure continuing international recognition of Mr Hun Sen's government.

"Appearances are everything. I think the international community will accept what will be essentially a [Hun Sen] state as long as the elections don't look too badly fixed," said a senior western diplomat.

Mr Ung Huot is likely to attend next week's Asean foreign ministers' meeting, where he will try to mollify the regional body, whose members took the rare step of expressing disapproval by suspending Cambodia's entry into the group.

"Asean raised its fist in horror, but ever since, they have been looking for an excuse to lower it. This may be enough," an Asian diplomat said.

Even if Mr Hun Sen eventually wins the international battle, he still faces a challenge from within Cambodia. Human rights groups have reported that more than 40 of his political opponents have been executed since the coup, including four royalist bodyguards. This kind of action is likely to engender at least some popular opposition.

Worries also exist about a possible collapse in the economy and government finances. On the face of it, donor countries, the source of half the government's budget, are in a strong position to do some arm-twisting. But Mr Hun Sen's advisers know full well any cut in aid will hurt ordinary people more than it hurts the establishment.

The flows of money from illegal logging, drug-running and prostitution mean that there is more money in the pockets of the powerful, if not in the hands of Cambodia's poverty-racked population, than published figures would suggest.

Some royalists are beginning to organise an armed resistance force that would be in tacit alliance with the remaining Khmer Rouge in the northern part of the country along the border with Thailand.

But observers who have visited the area say these forces are already running low on ammunition and are unlikely to be able to hold out for long without some tacit support from Thailand and a big infusion of cash, both of which have as yet to be forthcoming.

However, more than logistical problems, it is likely the resistance movement will be hurt by many in the royalist elite, including his father King Sihanouk, simply being fed up with Prince Ranariddh.

"He was an amateur up against a professional," one Khmer human rights activist said.

Sharif expresses confidence that conditions for loan will be met

Pakistan-IMF 'friendly' ties

By Mark Nicholson and Farhan Bokhari in Islamabad

Nawaz Sharif: reforms

Mr Nawaz Sharif, Pakistan's prime minister, has expressed confidence that his government could meet the expected conditions for a three-year structural adjustment loan under discussion with the International Monetary Fund – a loan critical to the country's economic rehabilitation.

He said in an interview that Pakistan's relations with the Fund, which were at times confrontational under the previous Pakistan People's party government of Ms Benazir Bhutto, were now "satisfying" and "friendly".

He said: "I think our agenda is quite acceptable to the IMF – they feel this government itself is committed to those reforms that the IMF wanted Pakistan to follow."

Mr Sharif's apparent commitment to abide by tough conditions tied to the programme precedes a scheduled visit next week by Mr Paul Chabrier, IMF director of its Middle Eastern department.

During Mr Chabrier's week-long visit, Pakistan and the Fund are expected to finalise the central conditions of the medium-term loan. Pakistan is understood to be seeking a three-year agreement to shore up its foreign exchange reserves, but also to improve its battered image in international markets.

"It is quite satisfying to note that the IMF sees this new government as a friendly government, especially to the agenda which IMF had also set for itself for Pakistan," Mr Sharif said.

Pakistan announced yesterday a package of export incentives it hopes will transform its parlous recent trade performance and reverse last year's 5.4 per cent fall in exports, to achieve growth of 15 per cent in 1997-98.

Mr Mohammad Ishaq Dar, commerce minister, said he expected Pakistan to reduce last year's record trade deficit of $3.37bn to $2.33bn next year.

The measures include duty cuts on imported inputs to exporting leather, garment and engineering industries and moves to lower the cost of export finance.

Mr Dar said he expected exports to reach $9.75bn in 1997-98, including an $818m increase in traditional goods like cotton, yarn and textiles, with an increase of $500m in newer exports such as cement, engineering and other goods.

Mr Sharif moved swiftly after his Muslim League party's landslide victory in February to introduce some of Pakistan's most wide ranging reforms in recent years, including a 20 percentage point cut in import tariffs bringing the top rates to 45 per cent and cuts in personal tax rates to a 5-20 per cent range down from 10-35 per cent. Corporation tax was also cut to 30 from 33 per cent.

Mr Sharif claimed the supply-side measures had already produced an economic fillip. "The signs are good now. For the past couple of weeks things are moving, as the stock market goes up – that is an indicator that economic development has started."

A pick-up is vital, given Pakistan's recent economic nadir. The country's trade deficit for the financial year which ended last month soared to $3.37bn, the highest in its 50-year history, up from $3.1bn a year ago. Manufacturing for the first time contracted by 1.4 per cent, while agriculture, the biggest component of GDP, grew only 0.7 per cent. Foreign exchange reserves at just over $1bn are just enough to finance three to four weeks of exports.

But though business welcomed the tax breaks, some economists are concerned that the government's projected revenue receipts, based on a doubling of GDP growth this year to 6 per cent, are over-optimistic. Mr Sharif admitted the heavy tax cuts entailed a risk, but said: "That risk was very essential to boost the morale of the investor, the taxpayer of the country."

He also acknowledged that recent worsening violence in Punjab state and Karachi, Pakistan's troubled commercial capital, threatened his government's economic recovery plans.

Promising imminent, but unspecified, moves to tighten security further in both, he said: "We know that we will face difficulties for some more time. We have been facing difficulties for the last four, five months. Maybe we will face difficulties for another four, five months. But then stability will come."

Australia gold sale denials

By Bruce Jacques in Sydney

Two board members of Australia's Reserve Bank yesterday moved to end the controversy surrounding the bank's revelation earlier this month that it had sold more than two-thirds of its gold reserves.

Mr Hugh Morgan, a Reserve Bank board member and also managing director of Western Mining Corporation (WMC), the Australian metals group, denied he had used Reserve Bank information to benefit his company.

Critics had said Mr Morgan had a conflict of interest because WMC had increased forward gold sales at the time the Reserve Bank sales were taking place. The gold price fell to its lowest for 12 years on July 4 after the announcement and shows no signs of recovering.

The allegations came to a head yesterday when Mr John Howard, prime minister, said he would inquire into the Reserve Bank board's handling of the gold sales. That followed an outcry over the sell-down by the Australian gold industry, which has blamed the Reserve Bank for the recent weakness in the gold price and claimed many mines could become unviable.

The Reserve Bank governor, Mr Ian MacFarlane, said yesterday Mr Morgan had fulfilled his obligations. He said the Reserve Bank board would be unworkable if members had to absent themselves from all discussions with potential for conflict of interest.

NZ defection stirs up poll reform questions

By Terry Hall in Wellington

An elderly Maori politician's decision to become an independent MP has created a serious challenge for New Zealand's new proportional voting system.

Mr David Lange, the former Labour prime minister, and other opponents of the German-style PR system, say Ms Alamein Kopu's decision to resign as a "list" MP from the leftwing Alliance Party and become an independent proves the new system is nonsensical, and New Zealand should revert to the "first-past-the-post" system.

Ms Kopu polled poorly when she stood for a constituency seat last November's general election. But under the new system she entered parliament because of her high position on the Alliance's "list", which allows extra MPs based on the proportion of votes cast for each party.

Constitutional lawyers yesterday said that MPs elected in a constituency seat could change sides if they wished – but list MPs should resign in favour of fellow party supporters if they defected from their original party.

Her move was widely welcomed by Maori members of the governing NZ First-National government. Ms Kopu – who was apparently wooed by NZ First – is now expected to give the government valuable support, bolstering its one-seat majority.

Ms Kopu, who was unemployed for 10 years and prefers to speak only in Maori, was a controversial choice. But the Alliance put her ahead of better known candidates on their list, saying she could speak for New Zealand's "have-nots".

However, she found parliamentary life stressful and has only turned up in Parliament for 14 days since the election. This earned her a public rebuke from Mr Jim Anderton, Alliance party leader.

Despite signing two pledges of loyalty to the Alliance – which intimated she would resign rather than join another party or become an independent – Ms Kopu announced yesterday that she was leaving because of dissatisfaction with the party leadership and her inability to give voice to Maori aspirations.

N Korea to let Japanese wives visit home

By Gwen Robinson in Tokyo

North Korea yesterday announced that Japanese women married to North Koreans will be permitted, for the first time, to visit their families in Japan, in a surprise move that is expected to soften Japan's stance on providing food aid to the famine-stricken country.

The move came amid new controversy in Japan yesterday following the arrival of a North Korean vessel carrying about 1,030 tonnes of feed corn in the northern Japanese port city of Aomori.

Critics yesterday asked why North Korea would export corn in the midst of its famine, and questioned whether some of the international emergency food aid was ending up as commercial cargo.

Confusion deepened when the spokesman for an association of North Korean residents in Japan, Mr So Chung On, announced the corn was Chinese in origin and had simply been trans-shipped to Japan via North Korea. The vessel is operated by Mr So's group. "It's an obvious act for North Korea to engage in trade activity as a way to secure foreign currency," he told news agencies.

The Chinese embassy in Japan would not comment on whether the corn originated in China, fuelling further doubts about the shipment. Japanese media said the cargo, worth more than $110,000, was imported jointly by a Japanese poultry farm and a trading company, and was the first such import since 1988.

Japanese customs officials said the corn arrived in bulk form, with no markings on containers to show its origin. Mr Kaoru Yosano, deputy chief cabinet secretary, could only say yesterday the government was "still investigating the matter".

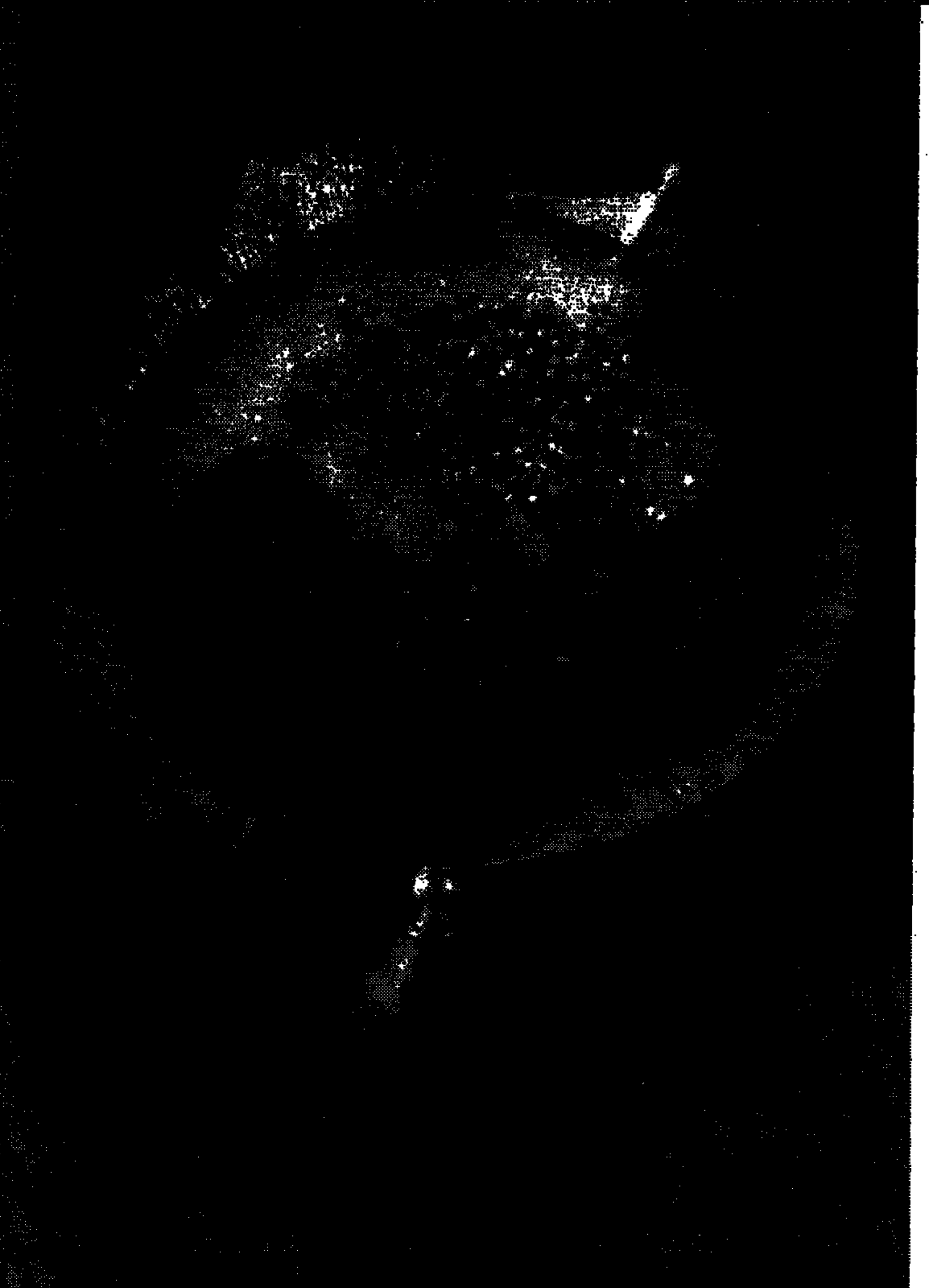
Meanwhile, Japanese government officials tentatively welcomed North Korea's decision to let Japanese wives visit their families in Japan. But they said North Korea should allow the visits as soon as possible. The question of food aid, meanwhile, was clearly a source of discomfort amid a flood of media reports about the mystery corn shipment.

Throughout North Korea's recent food crisis, Tokyo has insisted that return of the wives is a precondition for food aid to North Korea.

Tokyo has so far resisted pressure from the US, South Korea and other donor countries, which have already shipped several hundred thousand tons of wheat, rice and other staple foods to North Korea. However that is still short of the 800,000 tonnes that United Nations agencies say North Korea needs before the October harvest.

The government estimates there are about 1,800 Japanese women who went to North Korea between 1959 and 1982 together with their Korean husbands. Since then, ties between the two countries have rapidly deteriorated, and most of the women's relatives say they have not heard from them. Efforts by both Japanese officials and relatives to gain information about the women's whereabouts and condition have been unsuccessful.

The lifting of the ban has cleared the air for unofficial talks scheduled between Japanese and North Korean officials in Beijing tomorrow.



DIGITAL AlphaServer systems.
Now overachieving
at a company near you.

Seven of the world's largest pharmaceutical and medical research companies. Five of the top oil and gas producers. Financial service leaders in 19 countries. What do they have in common? For one thing, success in brutally competitive fields. For another, 64-bit AlphaServer™ systems from DIGITAL. Pharmaceutical giant **Rhône-Poulenc Rorer** manages a 400-*billion*-character data warehouse with an AlphaServer 8400, delivering data to its sales force 30 days ahead of the competition. **Sunoco** in Canada depends on the speed and scalability of AlphaServer systems to tailor refinery output to fluctuating market demand. High-reliability AlphaServer systems at the **New York Mercantile Exchange** deliver instantaneous trading information, shrugging off disasters that might bring lesser systems to their knees. And AlphaServer systems deliver their world-class results running Windows NT™ *or* UNIX® *or* OpenVMS.™ If that kind of overachieving sounds good to you–wherever in this world you do business–visit us at **www.ads.digital.com/world** or e-mail us at **moreinfo@digital.com.** And make the DIGITAL edge your own.

digital™

Whatever it takes.℠

Figures add to Bank concern that consumer spending spree will overheat the economy

Plastic card spending hits record $13bn

By George Graham, Banking Correspondent

UK consumers spent a record £8.2bn ($13.69bn) on their credit and debit cards last month, and card spending now seems set to top £100bn for the first time this year.

Plastic card spending totalled £46bn in the first six months of this year and, with the peak Christmas shopping season still ahead, card companies are confident they will more than double that figure for the whole year.

The Credit Card Research Group, a payment card industry association, said credit card spending in June totalled £4.6bn, bringing spending for the first six months of this year to £25.6bn – up 15 per cent from a year earlier.

But the biggest jump came in the use of debit cards such as Switch or Visa Electron, which draw money directly from a bank account rather than rolling up payments into a monthly bill.

Debit card spending reached £3.63bn in June. That took the first half total to £20.4bn, up 23 per cent in a year and twice the level of three years ago.

The card spree will fuel concern at the Bank of England, the UK central bank, that a consumer boom could cause the economy to overheat.

But banks say that for the most part consumers are simply using their cards as a more convenient method of payment than cheques or cash, and are showing few signs of piling on debts that they will be unable to repay.

"Roughly half of our customers pay off their bills in full each month, so that is not really debt. it's a deferred payment," said Mr Nick Cobban of Barclays, whose Barclaycard division controls an estimated 28 per cent of the UK credit card market.

There is no indication that UK card issuers are facing the same problems as their US colleagues, who have had to write off billions of dollars of bad debts over the past year as more than 1m people declared bankruptcy.

Mr Peter Welch, economic adviser to the CCRG, said the success of debit cards was the most remarkable feature. "Only 10 years after their launch they account for almost one-fifth of retail spending," he said.

But the rate of growth for debit card payments appears to be slowing down, as loyalty bonuses make some credit cards a more attractive way of paying.

"People are switching expenditure and saying: why not put the grocery bill on the credit card, too?" said Mr Martin Rutland of HFC Bank, which runs British Gas's Goldfish credit card.

But UK consumers are ignoring the steep interest rates charged on credit card balances and are currently borrowing £16.6bn on their credit cards, a third more than two years ago.

Many banks expect their customers to reduce their card balances, using windfall gains on free shares received when their building mutual savings societies floated on the stock market.

Aircraft order for Indonesia will not be blocked

By Robert Peston, David Buchan and George Parker

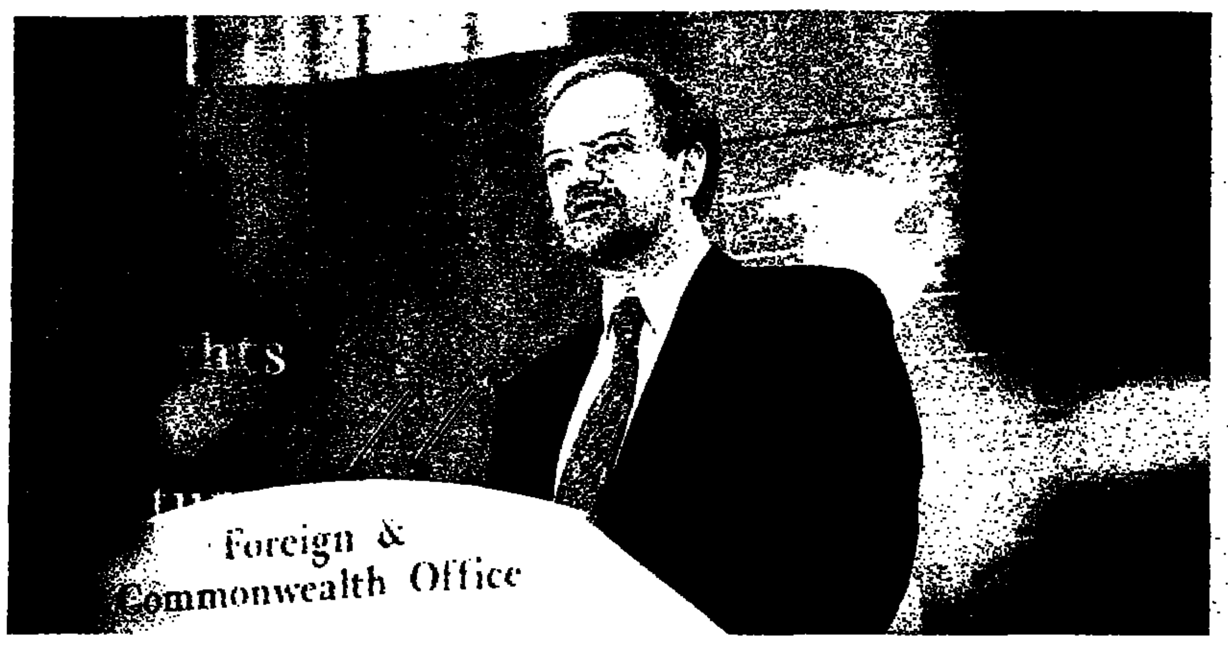
The government is expected to allow British Aerospace to complete the contentious sale of 16 Hawk fighter aircraft to Indonesia, following advice that there are "formidable obstacles" in the way of revoking the contract.

Ministers said yesterday that the £160m ($267m) contract would not be blocked, in spite of persistent allegations that Indonesia was using jets it had acquired earlier against opponents of the regime in occupied East Timor.

"There is no evidence that the aircraft is being used in East Timor," a senior government member insisted. "Our intelligence on that is very clear."

A minister also said that the decision should not be seen as a sign that new applications for export licences of a similar sort would be approved.

But a decision to allow the sale will come as a great relief to the British arms industry, which has been concerned that the adoption by Mr Robin Cook, the foreign secretary, of an "ethical" foreign policy would have damaging commercial implications. Human rights lobby groups are expected to be furious.



Press Association

Robin Cook said he was aiming for "modest advances" and support from partners, especially in Europe, would be needed

> The decision to allow the sale of 16 Hawks will come as a great relief to the arms industry

The Foreign Office is expected in the next two weeks to publish the results of a review of criteria governing the licensing of military equipment exports.

Mr Cook yesterday outlined a 12-point plan designed to put human rights at the heart of foreign policy.

On arms sales, he said the UK would "refuse to supply the equipment and weapons with which regimes deny the demands of their peoples for human rights".

He said the new guidelines would "result in changes to the present policy governing the licensing of riot control vehicles, small arms and other equipment".

This is expected to lead to a tightening of the conditions imposed on the sale of armoured vehicles to Indonesia.

Alvis is half way through a £150m order to supply 100 Saracen light tanks to Indonesia, a deal criticised by human rights organisations but defended vigorously by the company.

"There is no evidence it has been used for the purpose of repression," said Mr Nick Prest, company chairman. He said hundreds of jobs at the company's Coventry plant could be in jeopardy.

The Campaign Against the Arms Trade, a pressure group, welcomed Mr Cook's promise to crackdown on the sale of riot control vehicles, but said it was concerned he did not refer to Labour's manifesto commitment to stop sales of weapons which might be used for the purposes of "international aggression".

Meanwhile, Mr Cook, speaking to an invited audience, said he fully realised that human rights issues were complex and cut across trade and development issues.

He was aiming to achieve "modest advances" and that the support of UK partners, especially in Europe, would be needed. A stern warning was delivered to Nigeria that unless it radically improved its human rights record, the UK would press for its continued suspension from the Commonwealth.

Mr Cook also announced UK support for a permanent international criminal court and a £330,000 donation for the construction of a second courtroom at the Bosnia war crimes tribunal in the Hague.

Editorial Comment, Page 23

Finance minister sets out Emu entry conditions

By Wolfgang Münchau, Economics Correspondent

Mr Gordon Brown, the chancellor of the exchequer, yesterday clarified the government's five conditions for UK entry into European economic and monetary union. They virtually preclude entry in 1999, the scheduled start date for the project, but pave the way for membership later.

In a speech to the Royal Institute of Foreign Affairs in London Mr Brown tried to kick-start what the government hopes will be a broadly-based debate on the effects of Emu.

He also announced that he will set up an Emu advisory group comprising business leaders to advise the government.

"When the time comes, the decision will be made in British interests to meet British needs and it will be made the British way after a cool and hard-headed assessment of national economic interest – and, if we decide to join, a referendum to consult the British people," Mr Brown said. He said it was essential for business to prepare for Emu irrespective of whether the UK joins.

The five conditions for membership go beyond the strict convergence criteria set out in the Maastricht treaty. They are:

- Emu will have to create better conditions for companies to invest in the UK.
- The effect of Emu on the UK financial services industry will have to be assessed specifically, given its prominence within the UK economy.
- "Business cycles and economic structures" must be compatible between the UK and continental Europe.
- Emu must be able to cope with economic shocks so labour markets in mainland Europe in particular need greater flexibility.
- Emu must help promote growth and more jobs.

Mr Brown's preconditions are unlikely to be met by the spring of next year, when EU leaders are due to decide on which countries take part in the first wave.

The chancellor acknowledged that formidable obstacles remained for British membership of Emu in 1999, but he was not yet prepared to it rule out.

Mr Brown's initiative appears intended to ensure that the option of joining is real, not theoretical.

The tone of the speech reflected the chancellor's passionate pro-European views. He said: "To lead in Europe, we must put aside the soul-searching that has been so much a part of Britain's post-war history."

Farming reforms sow seeds of doubt

Changes to CAP have raised misgivings, write **Maggie Urry** and **Ralph Atkins**

Reform of the European Common Agricultural Policy, which has been a looming but indistinct spectre for some years, has at last taken a definite shape with this week's publication of the Agenda 2000 proposals by the European Commission.

Like it or not, farmers, consumers and environmentalists have detailed plans to examine, question or lobby about.

Reactions from most groups in the UK are that the reforms are "a step in the right direction". But there are serious misgivings.

UK farmers fear falling incomes and that limits on aid an individual farm can receive will hit them harder than farmers in other states. Consumer groups say food prices will fall by little and not for years. Environmentalists complain that proposals to increase conservation spending are vague.

All worry that the reforms will be watered down during wrangling in Brussels, which is likely to last for years. That process has already started. For instance, Mr Jochen Borchert, the German federal agriculture minister, said the reforms, which could cut German farmers' incomes by 15 to 20 per cent, were not necessary.

The commission's proposals aim to cut the aid farmers receive through the intervention system, where the EU sets a floor price at which it buys surplus production, and phase out methods of limiting production, such as set-aside, where land is taken out of production, and quotas.

In return farmers would receive direct aid payments, while some spending would also be diverted to agri-environment schemes and rural development policies.

Mr Ian Gardiner, policy director of the National Farmers' Union, welcomed the thrust of the proposals. He said farm incomes would fall sharply from current levels as a result of the changes, with cereals farmers losing £330m in total, beef farmers £90m and dairy farmers £20m.

But, he said, that was not a fair comparison. Farm profits were destined to fall anyway, as the EU would have been forced to restrict production to meet world trade commitments. By 2005, the Commission had estimated, set-aside would have had to exceed 20 per cent. Under the reform package it will be cut from its present 5 per cent to nil.

Farmers will gain in the longer term by being free to grow what the market wanted and to export their production, he said.

"Nevertheless, we have very, very substantial reservations" about the package, Mr Gardiner said. The first is the proposal to put a limit on the amount of aid an individual farm could receive, "modulation" in Euro-jargon.

The commission gave scant details of how this would work. But, said Mr Gardiner, such a limit would "be bad for British agriculture and bad in principle".

Average UK farms are larger than those in other EU countries. "The aim of the reform is to make European agriculture more competitive, so why penalise the more efficient farmers?" he asked.

Another of the farmers' concerns is that many decisions on rural development spending will be left to "the initiative of member states". Mr Gardiner argued their scepticism came from the previous UK government not participating in voluntary measures to the same extent as others in the EU.

Ms Ruth Evans, director of the National Consumer Council, said the CAP costs an average family £20 a week in taxes and artificially high prices and the new system could be "as wasteful and expensive".

Mr Stephen Crampton, at Consumers in Europe, said subsidy cuts would "do no more than cut the price of a 250g pack of butter by 5p by 2005".

The Royal Society for the Protection of Birds said the proposals would not promote better rural environment management and that "wildlife will be devastated by the abolition of set-aside".

EU-wide BSE controls loom closer

UK import controls on beef from other European Union countries came a step closer yesterday when EU veterinary experts failed to adopt tougher controls on the spread of "mad cow" disease, Neil Buckley writes.

Mr Jack Cunningham, UK agriculture secretary, has given other EU states until next Tuesday to agree to bring meat safety standards up to those in the UK, or face restrictions on meat imports to the UK.

Only seven out of 15 EU states' vets voted to adopt the controls – which would exclude parts of cattle with a risk of BSE from the food chain. The issue will go before an EU farm ministers' meeting on Tuesday. However, it only needs one EU state to change sides to create a majority.

- Beef sales in the UK have risen above pre-BSE crisis levels for the first time since the mad-cow disease scare began in March last year. June beef sales were 0.6 per cent higher than the same period of 1995 and 32 per cent higher than in June 1996.

Disaster of Sea Empress sinks pride of a maritime nation

Last year's oil spill was largely attributed to failures of pilots and emergency teams, says **Charles Batchelor**

A 161-page report into last year's Sea Empress tanker disaster – which spilled 72,000 tonnes of oil into the sea off Milford Haven in south Wales – confirms most of the fears expressed at the time about the authorities' ability to respond to such emergencies.

The scale of the catastrophe, which polluted fishing grounds and miles of unspoilt coastline in February, was attributed at various times to the Russian crew, the Chinese master of a standby tug and the vessel's Liberian registry.

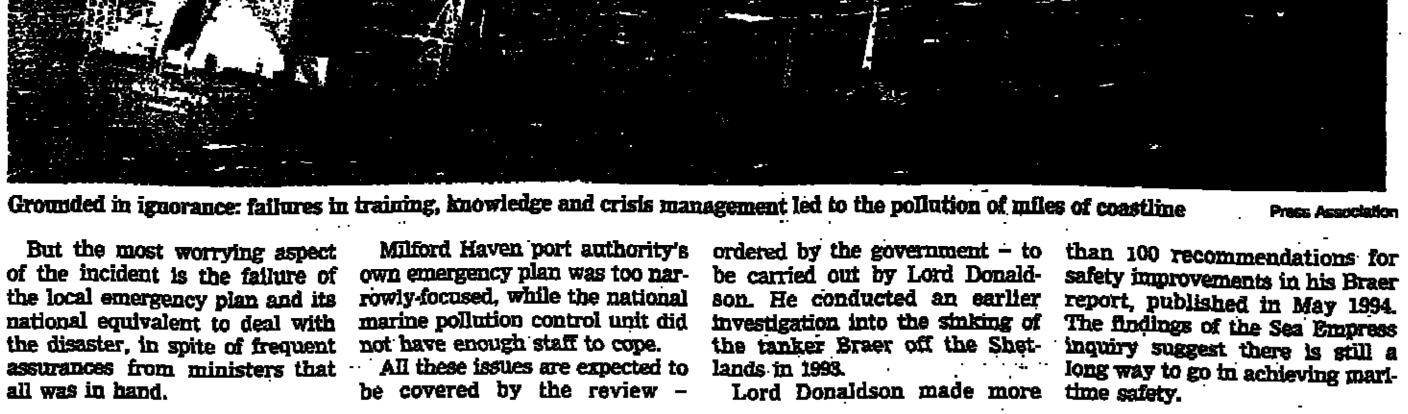
The increasingly international nature of shipping has frequently been blamed for maritime accidents. But, as the report from the Marine Accident Investigation Branch reveals, this was a disaster made in Britain – a nation which prides itself on its maritime traditions and expertise.

Comprehensive failures were unearthed in the training of pilots; knowledge of tidal flows at the harbour entrance; local emergency systems at one of the country's busiest oil terminals; and management of response teams.

Given the crucial role played by pilots in bringing big vessels through often narrow harbour entrances, the quality of their professionalism and training is thrown into serious doubt. The pilot on the Sea Empress failed to negotiate the ship through the deepest part of the approach channel in part because of "inadequate training and experience in the pilotage of large tankers", the report found.

In spite of the number of tankers regularly sailing in and out of the harbour entrance, there was a remarkable ignorance about local tidal flows. This was identified as "the most important factor in the escalation of the incident".

The government's failure to station a powerful tug in the Western Approaches, because there would not be enough work for it to do, was frequently criticised in the immediate aftermath of the disaster and the absence of a suitable local tug is highlighted in the report.



Grounded in ignorance: failures in training, knowledge and crisis management led to the pollution of miles of coastline Press Association

But the most worrying aspect of the incident is the failure of the local emergency plan and its national equivalent to deal with the disaster, in spite of frequent assurances from ministers that all was in hand.

Milford Haven port authority's own emergency plan was too narrowly-focused, while the national marine pollution control unit did not have enough staff to cope.

All these issues are expected to be covered by the review – ordered by the government – to be carried out by Lord Donaldson. He conducted an earlier investigation into the sinking of the tanker Braer off the Shetlands in 1993.

Lord Donaldson made more than 100 recommendations for safety improvements in his Braer report, published in May 1994. The findings of the Sea Empress inquiry suggest there is still a long way to go in achieving maritime safety.

UK NEWS DIGEST

State health service warning

The mounting financial problems of the state health service are a matter for considerable concern, Sir John Bourn, the comptroller and auditor general, the government spending watchdog, said yesterday. Sir John also said he was worried about the growing bill for negligence cases against the National Health Service. By the end of the third quarter of last financial year, the number of NHS trusts in financial difficulties had jumped to 163 compared to 95 at the end of the previous April. Forty-seven of the 433 trusts were judged to be in serious difficulties, against 26 nine months earlier.

In the case of 23 of the 47, their main purchaser was also facing financial difficulties, Sir John said. "Thirty-six out of 100 health authorities in England were forecasting deficits in excess of £1m ($1.67m) a significant increase on the 15 reported to be in a similar position at the end of 1995-96."

The service faces a rising bill for medical negligence which is running at approximately £200m a year in cash terms. The cost of claims, however, is forecast to rocket by nearly 25 per cent annum over the next five years. *Nicholas Timmins*

■ UNIT TRUSTS

Sovereign fined over mispricing

The Investment Management Regulatory Organisation yesterday fined Sovereign Unit Trust Managers Limited £225,000 ($375,750), one of the biggest fines imposed by the regulator. The fund manager, owned by Teachers Assurance Group, was disciplined for mispricing its eight unit trusts and charging fees to three of the unit trusts which it should have paid itself. Sovereign last year paid its 40,000 investors, mainly teachers, £1.4m compensation for these errors. At least some of this money has already been recouped by Sovereign from other firms. "We accept responsibility, we made mistakes and we have paid for them. But we have been generously compensated by some third parties," said Mr Richard Haynes, an assistant general manager at Sovereign.

It is believed these third parties may include NatWest Bank, the trustee of the funds at the time. NatWest refused to comment on whether or not it had paid money to Sovereign. *Jean Eaglesham*

■ PASSPORTS

Siemens wins 'digital' contracts

Contracts worth around £230m ($384.1m) over 10 years for a digitised passport production system were awarded under the government's Public Private Partnership guidelines yesterday. All new passports will contain a digitised picture and holder's signature to help prevent forgery. The system will put the UK at the forefront of passport technology, with potential for attracting overseas contracts.

Siemens Business Services, which was in the final bidding with EDS, will collect and transmit the data needed for the passports under one of two contracts awarded by the UK Passport Agency. The printing contract went to the recently privatised Stationery Office. *Alan Pike*

■ MILLENNIUM PROJECTS

Minister pressed on funds switch

Mr Chris Smith, culture secretary, yesterday faced pleas to save a number of millennium projects outside London which face the axe because of the government's plan to switch £1bn ($1.67bn) of funds from the National Lottery to health and education projects. Big projects like an arts centre in Cardiff Bay, south Wales; a science centre in Glasgow, Scotland; and an inner city regeneration project in Sheffield, northern England, are among those which could be scrapped. Mr Smith will publish a paper next Monday, confirming the government's manifesto pledge to divert the money over the next four years. The switch will draw money away from the five existing good causes – millennium projects, sport, the arts, charities and heritage – which are all set to lose £200m. *George Parker*

■ FOREIGN INCOME DIVIDENDS

Government considers tax reforms

The government is examining proposals to widen the range of companies that could continue to pay foreign income dividends after their planned abolition in 1999. Treasury officials are also looking at longer term reform of the advance corporation tax system, which would lessen the costs of Fids' removal for companies with a high proportion of foreign earnings. The review was prompted by warnings from some leading companies that the changes might force them to move their base overseas. The main short-term reform the government is considering is to extend the category of "international headquarters companies" that will continue to be able to pay dividends out of foreign income after 1999. *David Wighton*

■ LIBEL

$750,000 damages in e-mail case

Norwich Union, the life assurance group, yesterday made a court apology and paid damages of £450,000 ($751,500) after admitting that its staff had used its internal computer e-mail system to libel a rival company. Norwich Union and Norwich Union Healthcare, its private medical insurance subsidiary, said they "deeply regretted" spreading rumours about Western Provident Association being in financial trouble. The case is believed to be the first successful libel action brought over e-mail messages sent on a company system rather than an individual system.

In 1995, rumours were circulating about Western Provident's well-being. The rumours were "disseminated" by Norwich Union staff on its internal e-mail system "with the result they could be used to the detriment of Western Provident, in order to obtain new business", said Mr David Engel, for Western Provident. *John Mason*

RECRUITMENT

Richard Donkin finds little evidence of a collegiate approach at UK plc

Tilting the corporate pay scales

Are the bosses of Britain's largest companies worth twice as much as anyone else on their boards? The question arises from a report published last week by Monks Partnership, the management pay advisers, which showed that chief executives and full-time chairmen of FT-SE 100 companies are earning almost double what their fellow board members are receive.

Those with big differentials often have large shareholdings, and have long dominated the companies over which they preside – people such as Lord Hanson, chairman of the Hanson Group, and Sir Stanley Kalms, chairman of Dixons, the electrical goods retailer.

But large pay packages, usually including attractive share schemes, have also been used to lure people into top jobs. Jan Leschley, chief executive of SmithKline Beecham, and George Simpson, *chief executive of GEC*, were both given the potential in their packages to earn far more than their fellow board members, although in Simpson's case the criteria for earning his bonus were toughened after protests by institutional investors.

Monks found nine FT-SE 100 chief executives or full-time chairmen with earnings (including pension top-ups) of more than £1m ($1.7m) listed in annual reports.

There seems little evidence in the Monks report of a collegiate approach to running the UK's biggest businesses. Yet the role of coach to a talented team of directors is how many company heads describe their job, according to Amin Rajan, head of the Centre for Research in Employment and Technology in Europe.

Rajan, who interviewed prominent business leaders for a report, says: "If they really think they are coaches *there should be a narrowing* of differentials, but I can find no evidence that this is happening."

There is evidence, however, of the emergence of two different classes of executive – *those* who are proficient at enhancing their job security, pay and career progress and those, often board members, whose jobs remain vulnerable.

These two types become most visible, perhaps, when their companies begin to discuss the prospect of a merger. "Those who think they are going to be vulnerable tend to be against the idea," said Rajan.

Rajan believes that delayered internal structures are partly responsible for growing differentials. While he does not advocate a return to bureaucratic systems, he believes that the stakeholder model – which creates a community of shareholding employees – has a lot to offer if companies *are to avoid potentially* damaging divisions.

"But I think we are as far away from a stakeholder model as we have ever been," he says. The answer, he suggests, could be a further tightening of corporate governance providing even greater transparency of reward packages.

One question that is rarely asked is whether too much emphasis is made of the need for strong leadership. Arie De Geus, in his book *The Living Company*, points to the Leeds Permanent Building Society which was run without a chief executive for 18 months.

The society was run during that time by its finance director, its commercial director and its information systems manager, working with a management committee and a chairman who came in two days a week.

Without a clear power centre, wrote De Geus, the society increased its profits in 1993 by *22 per cent*.

He argues that "a company does not unconditionally need a single hand at the tiller".

Both business and society in general are perhaps too wedded to the concept of a figurehead to be without one, but this should not create an overriding dependency and expectation on some kind of saviour figure. The adverse impact on shares in W.H. Smith, the stationery group, resulting from the recent departure of Bill Cockburn after just 18 months as chief executive, illustrates the damage that can occur when institutions place too great a faith in a single individual.

"The machine is too complicated, too sophisticated to be in the hands of one individual. It is extremely dangerous for business. Yet companies are remunerating it as if it is a beautiful thing," says De Geus.

Peak position

Anyone who believed the Bank of England was acting too hastily by increasing base lending rates so soon after the Budget should study the graph (right) showing the MSL Index.

The index, produced by MSL International, the recruitment consultancy, has tracked the peaks and troughs of advertised demand for executives in the UK since 1959.

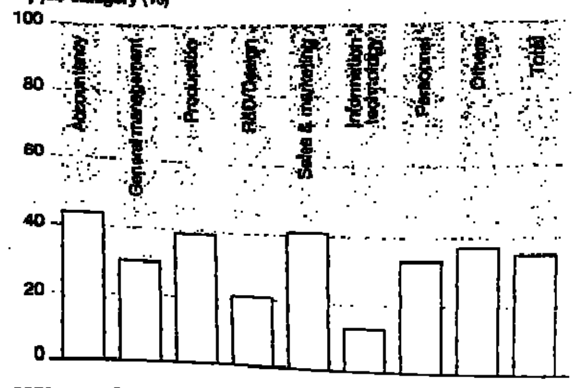
The moving annual total – a rolling monthly total which irons out seasonal fluctuations – has proved a reliable indicator of economic performance.

The graph suggests that if the previous boom/bust cycle were to continue, the economy is nearing the point that it begins to overheat. The moving annual total has reached its highest position since 1989. Demand for senior executives during the second quarter of 1997 rose by 35 per cent on the same period in 1996. Advertised vacancies for accountancy and sales and marketing positions had the greatest growth over the quarter, increasing by 44 per cent and 41 per cent respectively.

MSL recruitment index

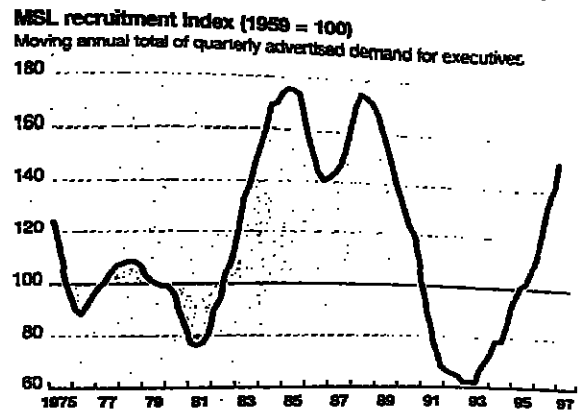
Change Q2 '97 on Q2 '96

By job category (%)



MSL recruitment index (1959 = 100)

Moving annual total of quarterly advertised demand for executives



BANKING, FINNANCE & GENERAL

EUROPEAN MONETARY INSTITUTE

LAWYER IN THE GENERAL SECRETARIAT

The European Monetary Institute (EMI) was established on 1st January 1994 with its seat in Frankfurt am Main. The EMI's function is to strengthen the co-operation between its members, the central banks of the European Union, and to prepare for the establishment of the future European Central Bank (ECB). The EMI currently employs approximately 290 staff members and has its own terms and conditions of employment, including a competitive salary structure, pension plan, health insurance and relocation benefits. The EMI is looking to fill the following position, which will be offered on a one year contract, as soon as possible. Candidates must be a national of a Member State of the European Union.

The Legal Division is responsible for handling all legal issues within the EMI, which include assistance in legal aspects of the preparation of the regulatory and institutional framework of the European System of Central Banks, drafting the legal documentation for the monetary policy instruments of the ECB, questions related to the interpretation of the Treaty establishing the European Community, the secretariat of the Working Group of Legal Experts and the preparation of the EMI's opinions when the EMI is consulted by the EU Council or by national authorities on draft legislation falling within its field of competence. The Legal Division also provides legal advice to the EMI management on administrative matters. The position will include responsibilities with regard to the tasks described above and, in particular, to legal assistance in matters related to EC law and international banking law.

Qualifications
- Advanced university law degree.
- Several years' experience (minimum two) and/or postgraduate studies in institutional Community Law.
- Several years' professional experience (minimum three) as a lawyer in the banking/central banking field.
- Very good command of English and proven drafting ability in that language. Knowledge of other European Union languages is desirable.
- PC word-processing skills.

Ref.: GS/26/97

Applications
Applications should include a Curriculum Vitae, copies of diplomas and a recent photograph, together with references confirming the required experience and skills and, if possible, copies of papers or notes prepared by candidates. They should quote the reference number and should be addressed to the **European Monetary Institute, Personnel and Office Services Division, Postfach 10 20 31, D-60020 Frankfurt/Main,** and should reach us no later than 31st July 1997. Applications will be treated in the strictest confidence and will not be returned.

European Bank
for Reconstruction and Development

The European Bank has a unique challenge: to assist the countries of central and eastern Europe and the former USSR in their transition to market economies. The European Bank supports projects through lending guarantees, taking equity positions and providing technical assistance.

The Banking Department focuses on the development of the private sector, restructuring and privatisation of the state assets, creation and strengthening of financial institutions, development and improvement of the environment, including action to improve nuclear safety.

Along with a competitive compensation and relocation package, we offer action and achievement in a truly historical enterprise.

Senior Banker and Principal Banker Financial Institutions Team

The Financial Institutions Banking team [illegible] experienced bankers to join their London-based [illegible] Bankers.

The **Senior Banker** will be responsible [illegible] significant contribution to the development and management of the Financial Institutions team's project portfolio. This will be accomplished through the marketing, project screening, due diligence, structuring, negotiation, preparation, and monitoring of projects including Directorship in investee companies.
The successful candidate will have at least twelve years in the financial institutions team of an investment bank, or has been in charge of acquisitions and international development in commercial investment banks, where he/she has acquired high level banking skills, executed several significant transactions and has demonstrable expertise in structuring operations with financial institutions. Ideally the candidate will also have experience in equity investments in insurance companies or in brokerage houses.

The **Principal Banker** will be responsible for identifying and managing projects in the Financial Institutions sector [illegible] of operations. This will also involve marketing, project screening, due diligence, structuring, negotiation, [illegible] and monitoring of projects. At least six years of [illegible] of an investment bank [illegible]

The successful candidates will have: ☐ A degree from a leading [illegible] education; ☐ Very good written and oral [illegible] English. Knowledge of central and eastern [illegible] advantage; ☐ Experience in emerging [illegible] of central and Eastern Europe would be [illegible]

[illegible] send your detailed CV in English [illegible] European Bank for Reconstruction and Development, One Exchange Square, London EC2A 2JN.

[illegible]

VENTURE CAPITAL MANAGER
INTERNATIONAL INVESTMENT BANK

RUSSIA — COMPETITIVE PACKAGE

The Company: Our client is an international investment bank with a network of offices in over 40 countries around the world. The core businesses are in asset management, investment banking, securities broking, research and banking.

As a result of a joint venture fund in Russia, they require an individual to proactively co-ordinate the fund investments throughout the region.

The Role: Reporting directly to the Fund Manager, you will lead a team through all stages of an investment opportunity including analysis structuring and negotiation. This will involve:
- Identification and evaluation of potential transactions
- Participating in the investment strategy process
- Co-ordinating due diligence and post-investment support from foreign consultants
- Monitoring existing investments for performance.

The Person: You will have been involved in venture capital/corporate finance dealing with small to medium enterprises. A mature proactive approach is essential. You should also:
- Be a graduate with a professional qualification
- Have some knowledge of Eastern Europe, Russia, or another Emerging Market environment
- Be analytical and experienced in generic due diligence and documentation
- Prepared to move after a period of two years

If you have the qualities to succeed please send a full resumé in the strictest confidence, quoting reference no. FT3141 to:

Antal International, Shropshire House, 1 Capper Street, London, WC1E 6JA. Telephone: + 44 (0) 171 637 2001 Fax: + 44 (0) 171 637 0949, or visit our web site on www.antal-int.com

ANTAL INTERNATIONAL
'A Global Recruitment Solution Applied Locally'

UK • POLAND • HUNGARY • RUSSIA • ROMANIA • UKRAINE • CZECH REP. • USA

c. £70,000 + significant bonus potential — Major International Investment Bank — London

Corporate Finance - Engineering Team

Exciting opportunity to join an international investment banking group with operations around the world and particular strength in emerging markets. Its businesses comprise investment banking, securities, fund management and commercial banking. The specialist engineering team is primarily responsible for marketing and deal origination within the sector and seeks a professional engineer, banker or strategy consultant to expand its capability in the UK and Europe. Excellent prospects for further career progression.

THE ROLE
- Reporting to the Director who heads the engineering team, create, analyse and develop potential merger and acquisition opportunities and build a network of senior contacts.
- Market to top management in major engineering public companies within the UK and Europe with a view to initiating corporate finance transactions. Establish and maintain close relationships with corporates based on deep understanding of the sector.
- Work closely with execution teams in the conduct of transactions in an environment which is highly collegiate.

THE QUALIFICATIONS
- Late 20s to mid 30s. Engineering or technical degree. MBA and European languages useful. Could be working in an engineering company, investment banking or strategy consulting and must have extensive knowledge of the engineering sector.
- Ambitious, energetic and tenacious self-starter with the drive, vision and personality to develop authoritative M&A origination capability.
- Entrepreneurial, commercial and imaginative team player with strong analytical and communication skills. Maturity, stature and self-confidence to represent the bank at the most senior level. An international outlook is essential.

Leeds 0113 230 7774
London 0171 298 3333
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. XLP1730771, 16 Connaught Place, London W2 2ED.

Deputy Head – Equity Fund Management
Arab Capital Markets

£Highly Competitive Salary — **Attractive Bonus & Benefits**

Our client is a well established UK bank with a reputation for professionalism and innovation. A dynamic growth in business has led to the need for a high calibre professional to join an expanding team which specialises in the management and distribution of Arab-related investment products to an international client base.

The Role
- Deputise for the Head of Arab Capital Markets Department on a day-to-day basis.
- Assist with overall fund management and investment strategy for the team.
- Contribute to the investment analysis and allocation process.
- Market the team and products in the Arabian Gulf, Europe and the Americas as required.

The Individual
- At least 5 years' experience in equity analysis/fund management is essential.
- A high degree of competence in computer applications and technology is required.
- A strong knowledge of the Middle Eastern business and social culture is necessary.
- Previous experience of emerging markets investment is highly desirable.

The successful candidate will be a graduate, preferably with an MBA and will be highly self-motivated. Excellent interpersonal skills are essential as is the ability to work well within an energetic team environment.

If you wish to make a significant contribution to a dynamic market place, please send your curriculum vitae in confidence to **Philip Wright** or telephone for an initial discussion.

Devonshire *executive*
A MEMBER OF THE DEVONSHIRE GROUP PLC
7 Birchin Lane, London EC3V 9BY
Tel: 0171 626 2150. Fax: 0171 626 2092. e-mail: exec@devonshire.co.uk

FINANCE ASSOCIATES
GLOBAL FINANCIAL SERVICES COMPANY

LONDON — COMPETITIVE PACKAGE

The Company: An investment bank operating in more than 55 countries, our client is the pre-eminent provider of financing and advisory services to high growth companies and those in rapidly changing industries. The finance group covering Emerging Europe, Middle East and Africa is a newly formed group, designed to further develop our client's financing activities and is consistent with the firm's global finance strategy to build a customer franchise.

The Role: As part of this international group, you will report to the Head of Finance, EEMA, and will be responsible for the following:
- Preparing pitch books, offer letters, and term sheets
- Liaising with originators in determining appropriate products for customers
- Participating in due diligence and producing information memoranda
- Assisting in the execution of transactions
- Liaising with credit and underwriting.

The People: You should be ambitious with energy and have proven writing, communication and presentation skills. You should have experience in one of the following:
- Credit, syndicated loans, GRNS, private placements or high yield
- Building models, assessing cash flows and business plans.

You will:
- Have a minimum of 2 years' experience within investment banking (mergers analysis and targeting, corporate advisory, structured finance or lending)
- Be a graduate with an accountancy, business or legal background
- Have participated in one or more finance transactions
- Have experience of operating within EEMA region
- Be fluent in both English and a second language (ideally East or Central European).

If you have the qualities to succeed please send a full resumé in the strictest confidence, quoting reference no.FT3135 to:

Antal International, Shropshire House, 1 Capper Street, London, WC1E 6JA. Telephone: + 44 (0) 171 637 2001 Fax: + 44 (0) 171 637 0949, or visit our web site on www.antal-int.com

ANTAL INTERNATIONAL
'A Global Recruitment Solution Applied Locally'

UK • POLAND • HUNGARY • RUSSIA • ROMANIA • UKRAINE • CZECH REP. • USA

CONVERTIBLES ANALYST - LONDON / NEW YORK

An exceptional opportunity for an ambitious numerate graduate within a major global investment bank. An exciting environment in which to work and learn.

THE PERSON
- Bright and energetic individual, with an established interest in the equities or derivatives markets
- Good first degree, an inquisitive mind and possibly an MBA
- Minimum of 6 months experience in equities, fixed income, forex, or credit areas and some knowledge of convertibles
- A strong IT orientation with experiance of Microsoft Office products

THE JOB
- After initial training in London the sucessful applicant will be transferred to New York and assume responsibility for the North American CB product
- As a member of a Global Convertible Bond team providing valuation, spreadsheet analysis and written research working in conjunction with the Global Head of CB Research
- Opportunity to progress rapidly within dynamic and motivated new team
- Very competitive remuneration package

Please reply enclosing your CV to James Blackwood or Simon Miles

RVL
INTERNATIONAL SEARCH AND SELECTION
54 GROSVENOR STREET LONDON W1X 9FH
TEL: 0171 491 1112
FAX: 0171 409 1052

EUROPEAN PATENT ATTORNEY

GERMANY (BADEN BADEN) **EXCELLENT SALARY + BENEFITS**

DOW

The Dow Chemical Company is the fifth largest chemical company in the world, with annual sales of more than $20 billion, over half of which are outside the United States - producing chemicals, plastics and environmental services for customers throughout the world. With its European headquarters near Zurich, Switzerland, the company has world-scale production facilities and laboratories in The Netherlands, Germany and Spain, operates 115 manufacturing sites in 37 countries and employs approximately 40,000 personnel.

Dow's European Patent group now requires a high caliber European Patent Attorney to support their continuing growth and expansion through their investment in leading edge chemistry-related technology. The successful candidate will be part of a small patent group based at one of Dow's major European locations in Rheinmünster, Germany, near Baden Baden. You will be responsible for providing intellectual property services to the Company on a full range of patent-related matters, working closely with scientists, commercial colleagues and management.

You will enjoy considerable responsibility and autonomy and be required to deal with specific areas of patent obtention, opinions, oppositions, agreements and enforcement in a variety of chemistry-related technologies. Where necessary, you will support and coordinate external attorneys in various patent-related matters in a variety of European countries.

Currently a European Patent Attorney and fluent in English, you will ideally have a thorough command of the German language together with an excellent first degree in Chemistry or Chemical Engineering. You should also be able to demonstrate impressive career progress, ideally in industry, have an ability to plan and possess first class interpersonal skills.

This is an exceptional opportunity with excellent prospects for long-term career development within one of the world's leading chemical corporations - totally committed to professional and sophisticated Patent policies.

If you are interested, please contact Stuart Adamson or Graham Marlow on +44 (0) 113 2451212, or send your CV, in confidence, quoting reference number 4670, to Adamson & Partners Limited, 10 Lisbon Square, Leeds, United Kingdom LS1 4LY. Fax number + 44 (0) 113 2420802. E-mail stuartadamson@adamsons.com

ADAMSON & PARTNERS

INTERNATIONAL EXECUTIVE SEARCH & SELECTION

CHASE

Offshore Funds Sales – Global Funds Services

London based opportunity with the leading Custody Provider

Chase is the largest global custodian and has been at the forefront of the industry since its inception. Our business has grown at a fast pace and we now administer US$3.8 trillion of custody assets.

Mutual funds in Europe is one of Global Funds Services' most important and fastest growing sectors. This continuing growth has led to the need to recruit a professional originator with a proven track record of developing new business.

Responsible for and refining market plans for European and US investment manager clients, supporting the existing sales team and completing sales for mutual funds services, particularly for funds managed by UK, French, Swiss, German, Belgian and Dutch firms.

Candidates should have exposure to and a thorough knowledge of investment managers and mutual funds, as well as an understanding of the regulatory features of offshore mutual fund markets in Dublin, Luxembourg, Jersey and Cayman and the developments in the European mutual fund market. Preference will be given to those who speak French or German and to those with existing market contacts.

This is a high profile role within one of Chase's fastest growing businesses and success will be rewarded by excellent promotional prospects. A highly competitive salary and remuneration package is offered and an attractive range of benefits including performance related bonus, car allowance, subsidised mortgage and non-contributory pension.

Please send your CV to or contact **Ian Dodd, Executive Director**
The Devonshire Group Plc, 7 Birchin Lane, London EC3V 9BY.
Tel: +44 (0)171 626 2150. Fax: +44 (0)171 626 2092. e-mail: exec@devonshire.co.uk
Any CV's sent direct to Chase will be forwarded to The Devonshire Group.

CHASE. The right relationship is everything.℠

Investment Banking Operations Opportunities

Moscow, Russia

Our client is the leading emerging market Investment Bank based in Russia. The group has achieved rapid success by combining the highest International standards with deep experience and understanding of local markets, and has five principal lines of business: equity, fixed income trading, investment banking, merchant banking and asset management.

Another key reason for the success of the group is the ability and professionalism of its back office team. It is seeking to expand this team by the addition of key, proven operations professionals who have the vision, product knowledge and service mentality to continue to drive the business forward. Applications are sought from individuals who have worked within major financial markets and who are familiar with the requirements of the modern back office.

Candidates should be experienced with systems development and implementation and the settlement process for both equity and fixed income products on a global scale. In addition, candidates will be pro-active and success orientated, but comfortable working within a team based environment.

If you think you have the breadth of skills and can rise to the challenge of working for one of the world's most dynamic and fast moving companies, then please send your CV with covering letter to Helen Highet, Principal, at the address below.

Relocation assistance will be provided

JONATHAN WREN
SEARCH & SELECTION

Jonathan Wren Search & Selection Limited
34 London Wall, London EC2M 5RU
Telephone + 44 171 588 0828 Facsimile + 44 171 588 0830

European Insurance Risk Management

Vice President

London **£ Excellent**

Our client is a global US commercial bank offering world leading corporate and consumer banking solutions. Promotion and internal career development have created the need for an accomplished banking professional with outstanding credit risk analysis skills. Working as part of a well established and highly successful team, you will be responsible for providing analytical credit structuring support for the bank's European Insurance banking businesses including a major London based insurance relationship and other underwriting and broking relationships.

The Role:
- Quantitative and qualitative evaluation of insurance companies markets from an individual and sector perspective.
- Monitoring exposures, including credit calling. Early identification of credit concerns and execution of appropriate remedial management.
- Approving new transactions jointly with relationship and product areas.

The Candidate:
- A banking background comprising at least five years credit experience and an understanding of structured commercial term lending.
- Ability to present at senior level.
- Sound knowledge of banking operational products, such as cash management, letters of credit, custody and foreign exchange and their credit issues.
- Knowledge of the insurance industry would be an advantage, though not essential.

An outstanding remuneration package will be offered to the successful candidate, comprising a competitive salary, performance related bonus and full banking benefits.

Interested candidates should contact Tim Smith on 0171 269 2313, or write to him enclosing a full curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LN. Fax 0171 405 9649. Please quote reference number 357703.

MP
Michael Page City
International Recruitment Consultants
London Paris Frankfurt Madrid Hong Kong Singapore Sydney

Investment Analysis

Negotiable Salary + Benefits **Edinburgh**

Excellent opportunity for talented professional to join one of Scotland's most innovative investment houses and play a significant role in its continued success investing in emerging markets.

THE COMPANY
- Long-established, profitable, Scottish investment management group dedicated to providing highest quality of service and investment performance.
- Significant global assets managed on behalf of wide range of institutional and retail clients.
- High-calibre, professional investment team. Excellent record of career development.

THE POSITION
- Critical research role in flourishing emerging markets team. Focus on identifying undervalued shares by fundamental analysis.
- Make recommendations on sectors and individual stocks for implementation across portfolios.
- Increasing involvement in fund management, client liaison and marketing activities with experience. Prepared to travel.

QUALIFICATIONS
- Numerate graduate or professional with minimum of two to three years' experience of financial analysis.
- Fund management or stockbroking background preferred. Individuals with PhD or MSc in Economics or Finance wishing to pursue career in investment management also considered.
- Articulate and confident team player with good interpersonal skills and sound judgement. Rigorous analytical skills, computer literate and able to work in systematic and disciplined manner.

Please send full cv, stating salary, ref SC707H1, to NBS, One St Colme Street, Edinburgh, EH3 6AA
Fax 0131 220 2440 Tel 0131 220 8210

Aberdeen • Birmingham • Bristol • Cardiff • City • Edinburgh NBS Glasgow • Leeds • London • Manchester • Slough • Madrid • Paris

NB Selection Financial Services

A BNB Resources plc company ISO 9002 Registered

Compliance Officer

£40-45,000 + Benefits **City**

Exciting opportunity for experienced professional to establish and manage greenfield compliance operation for new unit trust business.

THE COMPANY
- Established financial services provider. US$50 billion under management worldwide.
- New institutional unit trust business to be launched early 1998.
- Strong compliance culture. Rigorous and professional approach to regulation. Committed to highest standards.

THE POSITION
- Set up and establish proactive compliance structure to support newly created UK business. Report into Director.
- Develop and implement compliance strategy. Manage all compliance related issues.
- Activity monitoring and surveillance. Liaise with regulatory bodies.

QUALIFICATIONS
- Bright, ambitious individual, preferably professionally qualified. Proven track record in compliance, ideally gained in a unit trust environment.
- Strong technical knowledge. Thorough understanding of relevant regulations and implications (particularly IMRO).
- Highly credible, decisive and professional self starter. Strong communicator with excellent interpersonal skills.

Please send full cv, stating salary, ref FS70702, to NBS, 10 Arthur Street, London EC4R 9AY
Fax 0171 623 1525 Tel 0171 623 1520

Aberdeen • Birmingham • Bristol • Cardiff • City • Edinburgh NBS Glasgow • Leeds • London • Manchester • Slough • Madrid • Paris

NB Selection Financial Services

A BNB Resources plc company ISO 9002 Registered

CJA

RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 0171-588 3588 or 0171-588 3576
Fax No. 0171-256 8501

Intellectually challenging opportunities at the leading edge of research where your input will have a direct impact on fund performance.

ECONOMETRICIANS - MODELLING EQUITIES

CJRA

LONDON **£50,000 - £90,000 + BONUS**

FAST GROWING LONDON BUSINESS OF A PRESTIGIOUS US INVESTMENT FIRM

We invite applications from candidates who must have a post graduate qualification and have had a least 4 years' experience of applied econometric modelling, probably gained within the financial sector, an economic research organisation or academic institution. As the selected applicant, you will help develop quantitative stock-selection models for the US, UK and European equity markets. You will join a team that is already developing econometric models for various assets, and help our traders choose between different shares. Essential qualities are flexibility, to have a roll-up sleeves attitudes to work and, above all, to be an effective team player. For an individual with directly relevant experience, a higher salary can be negotiated. Programming experience, (in "C"), is desirable, though not essential.

It is possible that any US based candidates may be able to work out of our Boston office.

Applications, in strict confidence, reference EC/6417/FT should be sent or faxed to the above address, will be forwarded to our client in the first instance. If there are companies to whom you do not wish your application to be sent, these should be listed in a covering letter addressed to the Security Manager, CJRA.

The Arab Poultry & Cattle Equipment company is interested to recruit high calibre professionals in the fields of:-

1. Poultry & Cattle equipment design engineer (one graduate engineer).
2. Poultry & Cattle equipment production technician (one technician).

Applications, C.V. and a copy of the passport should be mailed to the following address:-

Arab Poultry & Cattle Equipment
P.O. Box 1051 , Fujairah , United Arab Emirates.

General ManagerEng. Adham Bayerly

Appointments Advertising

appears in the UK edition every Monday, Wednesday & Thursday and in the International edition every Friday.

For further information please contact: Toby Finden-Crofts +44 0171 873 4027

Financial Times

صكنا من الاصل

صكنا من الاجل

ALPHA ΤΡΑΠΕΖΑ ΠΙΣΤΕΩΣ

Η Alpha Τράπεζα Πίστεως, στο πλαίσιο αναπτύξεως και περαιτέρω βελτιώσεως της οργανωτικής της υποδομής, επιθυμεί να προσλάβει:

ΔΙΕΥΘΥΝΤΗ ΣΥΣΤΗΜΑΤΩΝ ΔΙΟΙΚΗΤΙΚΗΣ ΠΛΗΡΟΦΟΡΗΣΕΩΣ (M.I.S.)

(Κωδ. Δ.Δ.Π. 01/97)

Στο επίκεντρο των συστημάτων επεξεργασίας των οικονομικών μεγεθών της Τραπέζης, ο κάτοχος της θέσεως αναφέρεται στη Γενική Διεύθυνση και έχει ως κύρια πεδία ευθύνης:

- Συστήματα προϋπολογιστικού ελέγχου.
- Κερδοφορία οργανωτικών μονάδων, προϊόντων και πελατών.
- Ανάλυση κινδύνων (πιστωτικός κίνδυνος, κίνδυνοι αγοράς).
- Ελεγχος ποιότητος παρεχομένων υπηρεσιών.
- Πελατοκεντρική αξιοποίηση δεδομένων.
- Στρατηγικές πτυχές της πληροφορικής.

Ο κατάλληλος υποψήφιος καλείται, αξιοποιώντας τις υπάρχουσες μελέτες και υποδομές, να συνεισφέρει στην ανάπτυξη νέων λειτουργιών και δράσεων, φέροντας σε πέρας ένα έργο μεγάλης σημασίας για τη μελλοντική πορεία της Τραπέζης.

ΠΡΟΣΟΝΤΑ:

- Βασικές και μεταπτυχιακές σπουδές που θα συνδυάζουν εξειδίκευση στους τομείς των χρηματοοικονομικών, του management και της πληροφορικής.
- Εξοικείωση με τα εργαλεία της γενικής και της αναλυτικής λογιστικής.
- Πολυετής εμπειρία σε υψηλές διοικητικές θέσεις τραπεζικού οργανισμού και προϋπηρεσία διευθυντικού επιπέδου στον τομέα των Συστημάτων Διοικητικής Πληροφορήσεως.
- Απταιστη γνώση της Αγγλικής γλώσσας. Η ικανότητα επικοινωνίας σε μία ακόμη από τις γλώσσες εργασίας της Ευρωπαϊκής Ενώσεως θα εκτιμηθεί.
- Αυστηρότητα προσεγγίσεων, δημιουργικότητα στη σύλληψη-εισαγωγή νέων συστημάτων και καινοτόμων μεθόδων.
- Ικανότητα επιλύσεως προβλημάτων και διατυπώσεως προτάσεων.
- Δυναμισμός, επιρροή, διάθεση συνεργασίας, ικανότητες επιλογής συνεργατών και διοικήσεως ατόμων.

Την αρχική αξιολόγηση θα πραγματοποιήσει για λογαριασμό της Τραπέζης η εταιρία επιλογής στελεχών ICAP.

Παρακαλούμε στείλτε το βιογραφικό σας σημείωμα και συνοδευτική επιστολή, αναφέροντας τον κωδικό της θέσεως, μέχρι 01/08/97, στη διεύθυνση:

ICAP HUMAN RESOURCES
Βασ. Σοφίας 64, 115 28 ΑΘΗΝΑ

SENIOR EXECUTIVE AEROSPACE FINANCE

KB KREDIETBANK

KB Financial Services (Ireland), an IFSC company, is now in its tenth year of operation. It is responsible for the global aerospace, shipping and project finance activities of Kredietbank N.V.

Kredietbank Aerospace arranges, underwrites and provides aircraft financing facilities for a large client base throughout the world. As part of our continuing expansion in the aviation market, the bank is seeking to recruit a senior executive to its aerospace team. Based in Dublin and reporting to the Head of Aerospace Finance, the position requires extensive relevant experience in the aviation industry, the capacity to work with the airline, banking and investment communities world-wide and the capability to originate, structure and implement sophisticated transactions with the minimum of supervision.

Candidates for the position are likely to have a University Degree and/or an appropriate professional qualification and have not less than three years relevant experience. A high degree of initiative and energy are essential together with good organisational, interpersonal and communication skills. The ideal candidate should have the potential to develop into a leadership role within the team in the short to medium term.

The successful individual will enjoy a highly attractive salary and benefits package reflecting the importance of the role.

Please respond in confidence to:
Managing Director
KB Financial Services (Ireland)
Kredietbank House
International Financial Services Centre
Dublin 1
Ireland

KB KREDIETBANK

BPI

Equity Research & Sales

BPI - Banco Portugués de Investimento is Portugal's leading investment bank. In the context of the re-rating of Portugal from an emerging to a mainstream European market we are seeking to recruit young highly skilled individuals so as to expand our equity business.

Opportunities exist for developing the following roles either on a focused basis or in combination:

- Conducting equity research reports on the Portuguese market, but within an Iberian framework.
- Handling the sales effort to service institutional clients abroad.

Candidates must possess the following qualities:

- An outstanding academic track record.
- Excellent communication skills and team spirit.
- Fluency in English and the knowledge or willingness to learn Portuguese/Spanish.
- Experience of 1-2 years in a related field of activity is preferable but not essential.

If you believe you possess the adequate skills and feel attracted by this offer, please contact Emmanuel Figueiredo on 351 2 607 3139 (phone) or 351 2 600 2052 (facsimile) or write to: BPI-Banco Portugués de Investimento S.A., Rua Tenente Valadim, 254.4100 Porto. Portugal, enclosing a CV.

HEAD OF RESEARCH - ITALIAN EQUITIES

A new head of Equity-Research is sought by a major Italian Banking Group:

- ➢ to direct and manage an already existing successful research department
- ➢ to maximise the international and domestic exposure to institutional investors

Milan or London based (flexible)

The candidate will have:

- ➢ minimum 5 years relevant experience
- ➢ held senior roles in equities research or corporate finance.

To find out more, please write including your details to our advising consultant:

Berwin Leighton (ref. FCP)
Adelaide House
London Bridge
London EC4R 9HA

All applications will be handled in the strictest confidence.

ACCO FINANCIAL CONTROLLER

Responsabile Amministrazione Finanza e Controllo

Il nostro Cliente, **ACCO ITALIA**, fa parte di un gruppo industriale internazionale operante nel settore degli articoli per ufficio. Ha la sede in TORINO ed è leader nella propria area merceologica sul mercato nazionale con una immagine e tradizione consolidate ed un ambiente dinamico e stimolante, dove viene valutato con estrema attenzione l'apporto del singolo individuo. La Società ci ha incaricati di assisterlo nell'individuazione di un Candidato contraddistinto dalle seguenti caratteristiche:

- laurea in *Scienze Economiche* ed *una fluente padronanza* della lingua italiana;
- esperienze presso realtà multinazionali che adottano i più moderni sistemi di budgeting, reporting e costing;
- abitudine all'utilizzo delle più avanzate metodologie informatiche (BAAN, SAP, BPCS o similari);
- attitudine a confrontarsi con culture industriali differenti ed a misurarsi in ruoli di responsabilità;
- spiccate doti organizzative, la capacità di guidare i propri collaboratori ed una naturale propensione al lavoro di gruppo.

L'inserimento in un contesto di *ampio respiro internazionale* e le *condizioni economiche*, comprensive di auto aziendale ed incentivi sui risultati, sono tali da gratificare candidature qualificate.

Le persone interessate sono pregate di inviare un dettagliato curriculum, in lingua italiana, **siglato su busta e su lettera con il Rif. SP 10692**, alla:

PRAXI
PRAXI S.p.A. - ORGANIZZAZIONE e CONSULENZA
10125 TORINO - CORSO VITTORIO EMANUELE II, n. 3 - Tel. (011) 6560
Bari - Bologna - Cagliari - Firenze - Genova - Milano - Napoli - Padova - Roma - Torino
PRAXI ORGANIZZAZIONE - PRAXI INFORMATICA - PRAXI VALUTAZIONI
PRAXI RISORSE UMANE - PRAXI ENTI PUBBLICI - PRAXI AFFARI & FINANZA

CREDIT RESEARCH ANALYST, RUSSIA

London Based **Excellent Package**

One of the world's premier fully integrated corporate and investment banking firms, our client offers a comprehensive range of advisory, capital raising and sales and trading services.

This firm was one of the first of the premier league investment banks to invest in the emerging markets and they have developed a substantial presence in Eastern Europe, including Moscow. To augment this already successful operation they are looking for an experienced Credit Research Analyst to focus on the CIS markets, working as a member of a dedicated Credit Research team within the Fixed Income Division.

The ideal candidate will have a strong academic record (good first degree, preferably from a top Russian University and a Masters from a recognised western school), be native in the Russian language, and have at least two years experience of the Russian securities industry. Knowledge of the Russian Capital Markets is essential and ideally you will have experience in both credit and financial analysis of Russian borrowers.

Apart from relevant previous professional experience, the successful candidate must demonstrate strong project management skills, and the ability to effectively communicate with a diverse range of market participants.

This organisation is recognised as one of the major players across all key areas of investment banking including emerging markets where they have a reputation for being both creative and consistently profitable. Within this environment the successful candidate can look forward to a positive and rewarding career, in a group where teamwork and individual talent are very well rewarded.

To apply in strictest confidence, please write, quoting Ref: 0279 enclosing a full CV to Tim Musgrave at The Bloomsbury Group, 1 Southampton Street, London WC2R 0LR. Or, if you prefer, fax him on 0171 240 6362.

THE BLOOMSBURY GROUP
Executive Search

ACCOUNTANCY APPOINTMENTS

Financial Services: Researchers And Recruitment Consultants

Flotation Prospects

£Upper Quartile Package + Car

London

Martin Ward Anderson is one of the UK's most successful recruitment consultancies, with growth rates averaging 100% per annum throughout the 1990s.

Our innovative direct marketing methods and campaign driven approach have enabled us to build an impressive database of high quality candidates and blue chip multinational clients. We undertake UK and International executive recruitment assignments ranging from Director to Trainee level.

Having created a strong operational infrastructure, incorporating a 'state of the art' Profile network database system, we are now embarking upon the next phase of our aggressive expansion programme. The development of our new financial services division will embrace all aspects of financial markets including Front Office, Operations, Corporate Finance and Financial Control.

We now wish to recruit several high calibre professionals at all levels from Senior Researchers and Senior Consultants through to Trainees to enable us to achieve these goals and share in our success. Responsibilities will include the creation and development of your own business portfolio whilst working within a close knit team of professionals, operating in either the permanent or contracts market.

Successful applicants, preferably aged up to 34, must have Financial Services experience, and are likely to have a background in Research, Recruitment, Finance, Sales or HR. Personal qualities should include good interpersonal skills, drive, tenacity and strong influencing ability.

Rewards include a stimulating and enjoyable team working environment, excellent career development opportunities and an upper quartile remuneration package. Benefits consist of a high basic salary, substantial profit share, quality car, share participation prospects, private health, pension and holidays rising to 30 days.

Candidates should telephone for more information or write to us at the address below quoting reference number 41028. **Enquiries will of course be treated in the strictest confidence.**

Jon Anderson ACMA, Martin Ward Anderson, 7 Savoy Court, Strand, London, WC2R 0EL. Tel: 0171 240 2233, Fax: 0171 240 8818.
E-mail: info@mwa.co.uk Evening: Jon Anderson - 0181 948 6135, Peter Ward - 01753 642 864.

MWA
MARTIN·WARD ·ANDERSON·
LONDON · WINDSOR · ST ALBANS

Part of a major and dynamic international French group generating sales of £7.5 billion, our client is a highly profitable, rapidly expanding retailer of furniture and household equipment, with a current turnover of £1 billion. Planning on significant future international growth, to be achieved primarily through acquisition but also organically, they are seeking a

Director of Audit

– Paris Region/France –

THE POSITION

- *Play a pivotal role in the definition and implementation of a dynamic and proactive international audit strategy.*
- *Plan, co-ordinate, and supervise multiple audit assignments of a financial and operational nature, in existing subsidiaries or future acquisitions, in a decidedly international context.*
- *Consolidate and develop a team of 7.*

THE REQUIREMENTS

- *Graduate ACA, with approximately 6 to 10 years' audit experience in one of the major accounting firms and possibly as internal auditor in a dynamic multinational industrial/services corporation.*
- *Early to mid 30's.*
- *Fluent English. knowledge of French.*
- *Highly motivated and open-minded, with good communication and team development skills.*
- *Anglo-Saxon or Northern European, International in orientation and highly mobile.*

In order to appoint an individual of the highest calibre, the Group will offer an excellent compensation package as well as outstanding career opportunities.

Please reply with full details to Cor'ex, 11 avenue Myron Herrick 75008 PARIS with ref.: HN/1179.

COR'EX
associé de
VUCHOT WARD HOWELL

Financial Controllers

UK, Germany, Netherlands, US

Salaries: £70,000 (equivalent) plus

nmc&kay international selection

A leading UK multinational manufacturing group is looking to recruit a number of high level financial controllers. Working in a fast moving environment they will need to be able to work to very tight timetables in producing management information, and to work closely with the Chief Executive in the management of their company.

Candidates will be qualified accountants, will have several years' experience working with blue-chip international businesses, preferably in a manufacturing environment, and should have direct experience of working in the relevant country. Ideal candidates are likely to be aged between 35-45, and must speak excellent English. Candidates for the German positions will also need to be fluent in German.

Please forward in confidence, a detailed CV, including information on your current salary, to David Binney, quoting reference: 27.002, at nmc&kay international selection
7 Old Park Lane, London W1Y 3LJ

Head of Credit Management

International responsibility, London based

Salary: £60-70,000

nmc&kay international selection

A major division (£1billion) of a leading manufacturing company is creating a new position to improve credit management worldwide. The job brief will require the implementation of best practice systems and procedures, and performance will be measured both by the ability to change local management cultures, and by improvements in debt ratios.

Direct experience of leading a credit management programme will not be essential, but candidates will need to demonstrate a keen understanding of the key issues and have experience of working in an appropriate environment. Candidates will be experienced businessmen/women, strong minded with excellent communication skills. Age and nationality are not relevant, but candidates must have the energy to undertake substantial travelling and must speak English fluently.

Please forward in confidence, a detailed CV, including information on your current salary, to David Binney, quoting reference: 34 001, at nmc&kay international selection
7 Old Park Lane, London W1Y 3LJ

هكذا من الاصل

General Re

Price Waterhouse
EXECUTIVE SEARCH & SELECTION

World Domination

If you're good enough, why settle for less?

European Technical Controller

From £50,000 + bonus + benefits London

To be the global leader in our field...

...has already been attained in the majority of our international markets. We are a premier global Reinsurance company, with a turnover of $12 billion, and a worldwide reputation for creativity, flexibility and technical flare. As head of our European Group technical and cost accounting function, managing a turnover of £150m, our London based subsidiary which has operations in every major European city, is a pivotal link in our ambitious plans for strategic growth throughout Europe.

Rapid evolution

Ideally positioned to make your influence felt throughout a rapidly changing organisation which actively pursues excellence and rewards talent, you will work in partnership with the Chief Financial Officer, and other members of the finance team, with specific responsibility for managing and developing our European corporate technical and cost controlling function, incorporating technical and client accounting, budgeting, credit control and cost allocation responsibilities. You will also be responsible for management reporting for a worldwide business unit. This is a rare opportunity to grow and progress your career within the core activities of an ambitious and successful organisation.

ACA and more...

...which is why we will be looking closely at your track record and expecting to see real quality; first time ACA passes, a General Insurance or Reinsurance background and a minimum of five successful years in public accounting, are essential; strong system skills, a project management background and experience in developing management information to support strategic decision making, are also important. Communication skills are a must, as you will be leading a multi-cultural team of people located in Switzerland and London. Creative thinking is also a prerequisite, since you will be charged with redesigning processes and implementing new procedures to support our expansion throughout Europe. Ideally, you will also have language skills in German and/or French. Quality and flexibility are essential requirements from our people, and we need you to apply your skills to lead and motivate a strong team committed to our continuing success story.

And if by now...

...you feel that your ambitions match our requirements, call either of our advising consultants, Alistair McNeish on 0171 939 3293 or Hamish Davidson on 0171 939 3115, for a confidential discussion. Alternatively, write, fax or e-mail your CV quoting reference C/1788/FT, to:

Executive Search & Selection
Price Waterhouse
Southwark Towers
32 London Bridge Street
London SE1 9SY
Fax: 0171 378 0647
E mail: Alistair_McNeish@Europe.notes.pw.com

Project Analyst

Essex £35-40,000 + FX Car + Benefits

With a turnover in excess of £800 million, our client, a market leader within the food industry, has a vacancy arising from internal promotion.

Reporting to the Group Finance Director we require a high profile Project Analyst. The variety of the role is its attraction and will include responsibilities such as; acquisition appraisals, due diligence, in- house investment to develop new businesses, capital investment programmes and ad hoc project work.

The successful candidate will be an ACA who has qualified within a Top 10 firm of Chartered Accountants and who has 0-3 years PQE. Experience of special work and/or due diligence is desirable.

You will have strong interpersonal skills and be able to give commercial solutions and opinions in a diplomatic way. The ability to have a substantial influence on the business is a pre-requisite.

Interested candidates should enclose an up to date CV, quoting reference 360574 to Paul Smith at Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts AL1 1SA.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

b
Blackwell Science

Finance Director UK

Oxford c £50,000 + FX Car + Bonus

Blackwell Science is one of the world's leading medical and scientific publishers. They publish more than 200 journals and 300 books per year in four languages, on behalf of over 180 societies. The business is internationally focused with a global turnover in excess of £100 million and UK turnover of £38 million. The UK business continues to grow through both acquisition and diversification. In order to build on their reputation as the premier science, technology and medical publisher, they now seek a Finance Director for the UK business to be based in the head office in Oxford.

As a member of the UK Management Board, reporting operationally to the UK MD and functionally to the Group Finance Director, the position carries responsibility for:

- Overseeing the preparation and production of management, financial and statutory format accounts with a specific brief to develop the effectiveness of the reporting process across all functions and in doing so, enhance profitability.
- Delivering high level financial strategy and strong budgetary control.
- Continuing MIS development and integration of new systems.
- Financial control of the Paris branch office.
- Managing and developing 13 members of staff and relating to all levels of the business in a mature and effective manner.
- Providing strong management input into the running of the UK business.

The ideal candidate will be a qualified accountant with at least five years post qualification experience, ideally in an internationally driven organisation. A pro-active and flexible management style, coupled with the ability to engender respect at all levels and foster strong relationships across the business, are essential personal characteristics.

For the right individual, Blackwell Science offers a tremendous opportunity to take an active part in shaping a dynamic and growing UK business and, in the medium term, to develop further within the group.

Interested applicants should forward a comprehensive CV including details of current remuneration and a daytime telephone number, quoting reference 359432 to Peter Istead at Michael Page Finance, First Floor, 40-42 High Street, Maidenhead, Berkshire SL6 1QE.

Michael Page Finance

WANTED

Highly qualified, experienced
SENIOR FINANCIAL MANAGER

Knowledge of European book-keeping system, English/Russian. Dynamic, communicable, age under 45.
Work and stay with family in Moscow.
Good conditions.
Resume to:
Fax: +007 095 4523081

Strategic Planning & Analysis Manager

To £50,000 + Flexible Benefits Package London

Fast-track appointment for highly ambitious Chartered Accountant into blue chip engineering group.

THE COMPANY

- Diverse international manufacturing group with prestigious product portfolio. Turnover c.£1.5bn.
- Record of innovative product development. Growth record, both organically and by acquisition.
- Strategy incorporates significant investment and focus on core business sectors. Strong financial influence on future corporate direction.

THE POSITION

- Manage and improve group strategic and business planning process. Support plc Board in business development working closely with subsidiaries. Report to Group Financial Controller.
- Advise on and participate in corporate acquisitions/ divestments. Evaluate major CAPEX proposals group wide.
- Provide analytical support to bid/tender process. Conduct regular ad-hoc projects and strategic business reviews. Staff management responsibility.

QUALIFICATIONS

- Graduate, Big Six trained Chartered Accountant with upwards of three years' PQE. Experience in corporate finance with manufacturing sector exposure.
- Strategic vision with process orientation. Strong commercial acumen and analytical ability.
- Excellent communication skills at all levels, both written and oral. Energetic, dynamic and highly ambitious.

Please send full cv, stating salary, ref LG70706, to NBS, 54 Jermyn Street, London SW1Y 6LX
Fax 0171 491 0447 Tel 0171 493 6392

Aberdeen • Birmingham • Bristol • Cardiff • City • Edinburgh Glasgow • Leeds • London • Manchester • Slough • Madrid • Paris

NB Selection NBS Financial Management

A BNB Resources plc company ISO 9002 Registered

COMMERCIAL UNION

Corporate Accounting Manager

Croydon c £45,000 + Car + Profit Share

By not making a drama out of a crisis, Commercial Union has become one of the largest insurance companies in Europe, with interests in both life and general business. Headquartered in the UK, it is an international group with operations in over 50 countries and 25,600 employees around the world. The Group manages worldwide assets of £65 billion and writes premiums of £9 billion.

Based at Group Finance Headquarters in Croydon, Surrey, the Corporate Accounting Manager will head up the department responsible for the production of regular insurance statutory returns, including the non-life DTI return for Commercial Union Assurance plc and its subsidiary companies.

The primary duties of the role will include:

- To be the focal point of interpretation and guidance on insurance regulatory accounting matters.
- To provide pro-active monitoring of the Group's solvency position in all insurance regulatory markets.
- Monitoring compliance with all insurance regulatory accounting requirements.
- Management of the production of the annual DTI non-life reporting exercise.

The ideal candidate will be a qualified accountant, aged 30-45, with excellent technical accounting experience and considerable knowledge of insurance regulatory issues that must include non-life DTI returns. A results orientated individual, the candidate will have impressive interpersonal skills and a proven ability to deliver on time every time.

This is a key position within Group Finance. The individual will be expected to enable Commercial Union to maintain its leading edge status in insurance regulatory matters and to ensure that the Corporate Accounting department continues to add value to the organisation.

In return Commercial Union will provide an excellent opportunity to develop career potential within a vigorous environment.

Interested candidates should forward a comprehensive CV, quoting reference number J357710 together with current remuneration details to Alistair Robinson at Michael Page Finance, 45-47 High Street, Leatherhead, Surrey KT22 8AG.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Head of European Business Analysis

FARNBOROUGH c. £50,000 + BONUS + CAR

Computer Sciences Corporation (CSC) is one of the world's leading IT organisations with revenues in excess of $5.4 billion and over 44,000 employees in 600 locations. For over 35 years CSC has applied IT to meet clients' business objectives through research, management consulting, systems integration and outsourcing.

In Europe, we are the fastest growing professional services company. With European headquarters in Farnborough, we have operations throughout the UK serving a variety of industries, including finance, aerospace, retail, telecommunications and manufacturing.

An internal promotion has led to the need to recruit a Head of Business Analysis for CSC's European Group. Reporting to the European Finance Director, this role is critical in managing a small, highly skilled team undertaking specific analysis projects across Europe, including involvement in acquisitions and due diligence.

The ability to gain a full understanding of the dynamics of the IT services industry is vital. In addition, excellent communication and motivational skills will be required along with a high level of personal presence, maturity and commercial acumen. Candidates with multinational experience and a second language would be of particular interest.

The successful candidate, unlikely to be aged under 30, will be a dynamic, high calibre individual with the potential to become Finance Director of an operating division within 2 years. In addition to people with relevant commercial experience, this position could suit a senior manager in the accounting profession who is looking for a challenging position in industry.

Interested candidates should forward a comprehensive CV and covering letter detailing current salary and daytime telephone number, quoting reference 359358 to Wayne Mason ACCA, Michael Page Finance, 33 Blagrave Street, Reading, Berkshire RG1 1PW.

Michael Page Finance
Specialists in Financial Recruitment

CSC
Computer Sciences Corporation
CSC is an Equal Opportunities Employer

FINANCE DIRECTOR

INTERNATIONAL FINANCIAL SERVICES

CITY £ FLEXIBLE, INITIAL INDICATOR £75,000

- Leading provider of insurance services within the Lloyds and Company markets experiencing rapid growth with an expanding international client base.
- New, highly commercial role designed to support and strengthen the senior team by providing strong leadership across all financial management matters. The brief includes substantial business development, joint ventures, acquisitions and evaluation of strategic options.
- Further key tasks will include refining financial planning processes, develop business driven controls and systems, and act as an effective sounding board for senior colleagues.
- Need is for a bright, commercially astute finance professional to help steer and shape the future corporate direction. A Chartered Accountant with experience ideally gained in insurance, financial services or as a senior manager in a leading accountancy firm.
- Demonstrable record of enhancing company performance is essential. Business development mentality, ideally with substantial exposure to mergers and acquisitions, joint venture activities or similar.
- Proven negotiator, decisive manner, persuasive but not inflexible. Strong implementation skills. Energetic and proactive. Thrives on change and new challenges. Comfortable operating in an informal, yet highly professional environment.

Please apply in writing quoting reference 7979
with full career and salary details to:
Phil Bainbridge
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2084
http://www.gbnet.co.uk/whitehead

Whitehead
SELECTION
A division of Whitehead Mann Ltd,
a Whitehead Mann Group PLC company

c. $250,000 package + benefits | *Global Telecommunications Systems Supplier* | *Kiev, Ukraine*

Chief Financial Officer

Nasdaq-listed, leading-edge US company, with $4 billion market capitalisation and an outstanding market reputation, seeks a dynamic finance professional to fill this critical role. New appointment at the heart of a strategic joint venture company in the Ukraine, building a national telecommunications system based on wireless technology. Excellent further career opportunities within the group.

THE ROLE

- Based in the Ukraine, responsible to Senior Management for all aspects of the finance function, including planning and budgeting, reporting and analysis, treasury, risk management and taxation.
- Representing the interests of the US company at Board level in the Ukraine, ensuring maximum returns for the investors through the commercial success of the venture.
- Key member of the executive team, with strong functional links to international finance and operational staff of the US partner.

THE QUALIFICATIONS

- Graduate CPA/ACA, preferably with further business qualification; knowledge of US GAAP essential. International experience and a strong track record of success based on first-class technical finance skills.
- Nationality open, but must be fluent in English plus Ukrainian and/or Russian. Experience of living in Ukraine or other CIS countries highly desirable. Skilled at bridging cultural gaps.
- Dynamic and focused: resourceful and resilient under pressure; with integrity, maturity and natural authority. An excellent communicator at all levels.

Leeds 0113 230 7774
London 0171 298 3333
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. XTV175077L, 16 Connaught Place, London W2 2ED

AMBITIOUS YOUNG FINANCE PROFESSIONALS WITH INTERNATIONAL ASPIRATIONS

West Yorkshire, Germany, the U.S.A and the Far East

c£35,000 to £50,000 package, substantial bonus potential

Our client, a profitable and expanding c£500 million turnover UK Plc is seeking to build a team of up to six people, ideally multilingual and with the potential to be future Finance Directors. West Yorkshire based the group is a global market leader in the manufacture, sales and service of industrial products, has operations throughout Europe, the Americas and the Far East and has an outstanding reputation for technical excellence and product development.

Initially based at the Head Office in West Yorkshire the team will support various business initiatives and projects throughout the operations including supporting the SAP implementation world-wide, product and competitor profitability analysis and assessment of best practice in manufacturing supply chain management and warehousing activities. The group is undergoing major change to bring greater integration across their businesses in an industry sector where markets are increasing geographically and which has considerable future acquisition opportunities.

Candidates, likely to be aged between 25 and 30, will have an outstanding record of academic and professional achievement, obvious potential to progress, be mobile and flexible, and be keen to take a steep learning curve to a commercial operational finance role. Drive, ambition and resilience coupled with a demonstrable record of planning projects and ensuring their implementation are essential pre-requisites.

Please reply in writing to Tracey Pullan at BHM Nevard Roland, 4th Floor, EMCO House, 5/7 New York Road, Leeds LS2 7PL. Telephone 0113 246 7033 or Paul Maxin at Antal International, Shropshire House, 1 Capper Street, London WC1E 6JA. Telephone 0171 637 2001 enclosing a full Curriculum Vitae with current salary details quoting Reference 10154.

BHM
Nevard Roland
BRISTOL ■ LONDON ■ LEEDS

ALWAYS Coca-Cola

FINANCE MANAGER

(Serbo-Croat Speaker)

Belgrade
(1st year in Milan)

c.$100,000 + Car + Bonus + Benefits

THE GROUP

Coca-Cola needs no introduction: the most powerful global brand, with products sold in over 200 countries and a market capitalisation of $130 billion, it delivers outstanding value for its shareholders and consumers.

THE OPPORTUNITY

A highly capable Finance Professional is required to join the Balkans Region Management Team, currently based in Milan, but soon to move to Belgrade. Reporting to the Region Finance Manager, you will work across the Region's four countries to develop Value Chain and Financial Analysis Processes by brand, package and channel to support the activities of the Brand and Marketing Operations Groups within The Coca-Cola Company itself, as well as the activities of The Coca-Cola Company's Bottling Partners in the Region.

THE CANDIDATE

The successful candidate will hold an appropriate qualification in Accounting and Finance (or an MBA) and have at least five years financial, budget and project management experience ideally gained within an international FMCG environment, in fast growing and highly competitive markets. Knowledge of GAAP and PC based financial evaluation tools and systems is required as are effective planning, organising and communication skills. Fluency in Serbo-Croatian and English is essential.

Interested candidates should send their CV together with details of their current salary, work and home telephone numbers to Jeff Price at ABPM, 9 Bailey Lane, Sheffield S1 4EG. Tel: 0114-278 0011. Fax: 0114-273 8384. Email: cc20f@abpm.co.uk. **Please quote reference - cc20f.**

ABPM
ABRAHAM • BEASLEY • PRICE • MORGAN
FINANCIAL • RECRUITMENT • SPECIALISTS

OFFICES AT BIRMINGHAM, LEEDS, MANCHESTER, NOTTINGHAM AND SHEFFIELD

An ideal job in an ideal company

Assistant Manager - Planning and Control Assistant

Information Technology Europe — Brussels

As a world leader in the manufactu[illegible]electronics products, Sony is one of the best known names in the w[illegible]tions, you could be joining the newly created **Information** [illegible]sible for both our Display and Computer Audio Vide[illegible], and for the futur[illegible]s.

Based in Brussels, our [illegible] and Control Department [illegible] looking to fill two newly created positions: **an A[illegible]nt Ma[illegible] [illegible]ontrol and Planning Assistant for Display/[illegible]/PC.**

You'll be preparing and [illegible]cin[illegible]aily, monthly and q[illegible]terly [illegible] reports and analyses on performance and budgets. [illegible], you'll be compili[illegible]rofit-l[illegible]tion reports, as well as giving support to daily o[illegible]tional activiti[illegible]ou wil[illegible] involved in general accounting processes and [illegible]rovide su[illegible] on bu[illegible]ration. Successful implementation of new processes are ne[illegible]sary in th[illegible]nting, manufacturing sectors and the PC business.

We are looking for individuals with exce[illegible]nt qu[illegible] Business or Economics, a strong commercial awarenes[illegible] with [illegible]nin[illegible] years experience (Control and Planning Assistant), or 3-4 [illegible] experien[illegible]stant Manager). Good English is essential, and you will need t[illegible]ility, th[illegible]ence and team playing spirit that are essential in a multinational and fast moving [illegible]sation like this.

So, if you think you meet these re[illegible]ments and have excellent PC skills, particularly in Excel, please send your d[illegible]s to Diane Pelgrims at the address below. For more details about this and oth[illegible]ony vacancies please visit our Internet site- http://www.topjobs.c[illegible]

SONY

SONY SERVICE CENTRE (EUROPE) N.V., TECHNOLOGIELAAN 7, B-1840 LONDERZEEL, BELGIUM

Finance Director

London — **To £100,000 package**

Having already achieved compound growth of 70% per annum and net profit margins approaching 20%, our client, a rapidly expanding software solutions organisation (projected turnover in 1997 of £15m+) wishes to appoint a Finance Director to implement best practice fiscal management and arrange funding to support its next important phase of growth. In eight years, this privately owned UK company has established a strong blue chip client base and an enviable reputation and track record in a highly competitive market.

While holding full operational responsibility for all financial and legal aspects of the company, your primary focus will be at the macro level, working as a board member to conceive, then successfully implement, a corporate growth strategy. With the imminent launch of further "world class" products, you will be expected to play a crucial role in the successful expansion into North America and the rest of Europe.

A qualified ACA, ideally you will have proven knowledge of US and European accounting practices in a multi-product, multi-services, international environment. Corporate finance knowledge, together with a track record of effective utilisation of company and external finances in an organisation experiencing rapid growth and change is essential.

The position has been created at a crucial point in the company's evolution and requires a committed individual with the drive and vision to contribute to the future of this highly successful organisation.

An excellent remuneration and benefits package, including share options, is available to complement this exciting role.

To apply please send your CV to our consultant, Paul Ballard, at Austin Knight UK Limited, Nelson House, 23-27 Moulsham Street, Chelmsford CM2 0XG, quoting reference number C408. Fax 01245 350498.

Alternatively for an informal discussion outside office hours, you may telephone him on 01702 553362 evenings/weekends.

Austin Knight

UNITED KINGDOM • FRANCE • THE NETHERLANDS • USA • CANADA • AUSTRALIA

Management Accountant

Bucks/London Border c.£40,000 + Car & Excellent Benefits

This is a rare opportunity for a commercially-aware qualified accountant to join the successful UK communications subsidiary group of a large international organisation. Turnover has doubled in each of the last three years and further significant growth both organically and through acquisition is anticipated.

Responsible to the Finance Director, you will liaise directly with senior Directors and Managers to ensure accurate and timely reporting to local management and the division's operational headquarters. This calls for a pro-active individual keen to play a vital role in the strategic planning, forecasting and budgeting for this dynamic group.

Age up to 45 years, with a flexible, self-motivated and thoroughly professional attitude, combined with strong communications skills, you will be seeking to develop your career in line with business growth. *Salary will not be a limiting factor for the ideal candidate.*

Write enclosing full CV and contact telephone numbers to Patrick Donnelly, quoting reference FT/157.

PD Consultants
23 Durlston Road, Kingston-Upon-Thames, Surrey KT2 5RR.

Continental Europe Planning Manager

Major FMCG Organisation — West Paris Suburbs

Excellent Package Including Comprehensive Large Company Benefits

Our client is an international FMCG organisation with leading positions in its markets across Western Europe. It manufactures, distributes and markets a range of household name branded products which are recognised for their quality and variety.

Headquartered in the suburbs of West Paris, the Continental Europe Division accounts for approximately 60%, or £500million, of total sales and forms a highly autonomous division of a UK based organisation.

A recent restructuring has created the need to strengthen the Continental European operation with the appointment of a senior finance professional. Reporting to the Continental Europe Finance Director, the appointee will focus on the commercial finance aspects of the business. Specifically, this will include:

- Giving timely and insightful Financial Analysis to the Continental Executive Team
- Leading the budgeting and business planning processes, ensuring that all commercial developments are given rigorous financial appraisal
- Providing analytical challenge to the Country Finance Directors and Plant Accountants
- Reviewing major capital expenditure proposals
- Developing robust models to give maximum analytical focus within a pan-European environment
- Leading a small but high profile team of Business Analysts.

A qualified finance professional, you have gained an impressive record of achievement within an international consumer goods related environment. You are aged 30 to 40, target oriented and constantly striving for exceptional results. Your success to date can be attributable to high levels of commercial acumen underpinned by excellent financial and PC skills. Fluency in English and "hands on" financial experience within a mainland Europe base are prerequisites.

An attractive package and the potential to develop an outstanding career within a genuine meritocracy complete the opportunity. Interested candidates should contact Jonathan Jones at Jones Christopher enclosing your full CV and remuneration details. Please quote JJ/FT 3030 on all correspondence.

Initial interviews will be held in London and Paris.

JONES • CHRISTOPHER
FINANCIAL RECRUITMENT CONSULTANTS

Jones Christopher, 4th Floor, Linen Hall, 162-168 Regent Street, London W1R 5TB. Tel: +44 (0) 71 306 3202. Fax: +44 (0) 71 734 6280.

Financial Controller

THE PRODUCTION PLANT IS A SUBSIDIARY OF A HIGHLY SUCCESSFUL PRIVATELY OWNED U.S. SPECIALITY CHEMICALS COMPANY.

Southern China

Your job will be to establish and maintain rigorous financial control to International accounting standards.

Fluency in Mandarin, manufacturing orientated accounting including standard costing and project costing expertise and experience as well as operating in relatively remote overseas locations are essential.

The package includes a negotiable salary, travel and living expenses plus comprehensive health cover.

If you feel you can meet the requirements please forward your CV together with an indication of package expectation to Sarah Jones, Macmillan Davies Hodes, 3rd Floor, 29 St Augustines Parade, Bristol BS1 4UL. Closing date: 31st July 1997.

BIRMINGHAM • BRISTOL • GLASGOW • HERTFORD • LEEDS • LONDON • MANCHESTER

Macmillan Davies Hodes

As a law firm practising on an international level predominantly in the areas of corporate and commercial law we offer a

QUALIFIED LAWYER

an opportunity to join our corporate and commercial team. The nature of this position requires that you are of English mother tongue or that you speak and write perfectly fluent English, that you have experience in corporate and commercial matters particularly in drafting documents and opinions and that you are willing to work independently in a demanding environment.

A working knowledge of German or French will be to your benefit as will a knowledge of other languages. Admission to a Swiss Bar is not necessary, but an asset.

In addition, you should either have Swiss nationality or a C or B permit.

If you feel you are suited to this position, kindly send your application documents and CV to, or telephone, for a first contact,

Mr Carl Linde, Haymann & Baldi,
Hottingerstrasse 17, 8032 Zurich, Tel. ++41-1-262 10 10.

هكذا من الاصل

هكذا من الاصل

WORLD-LEADING TECHNOLOGY

Highly Commercial Finance Manager

Competitive package including bonuses, share options and relocation

Intel's record of success is outstanding. More than 80% of the world's PCs use Intel microcomponents, turnover in 1996 rose by 29% to $20.8 billion - the seventh consecutive year of record revenue and earnings - and manufacturing performance was superb. Meeting continued demand for innovative products, Intel's 1997 results are on track to set new records.

Pursuing further global growth, Intel is seeking a dynamic, commercial Finance Manager to take responsibility for leading and driving IT finance issues throughout Europe and internationally. Working cross-functionally with sales, marketing, technology and manufacturing groups, the role is highly customer-focused. Working with analysts at four different sites worldwide, the Finance Manager will drive the implementation of process improvements and make business recommendations whilst ensuring financial integrity and maximum return on investment.

With approximately six business trips per year to Intel's operations in Europe, the US and other international locations, essential attributes are mobility, flexibility and the ability quickly to develop strong business relationships and a thorough understanding of operational needs. Excellent analytical skills are therefore essential together with a commercial mindset and strong communication ability. Candidates should have at least four years' relevant experience and either be qualified accountants or have recently gained an MBA degree.

Based at Intel's European Head Office in Swindon, there will be considerable exposure to senior management both in Europe and the US. For individuals able to seize and capitalise on the opportunities offered by dynamic global growth, the prospects for career progression are exceptional. The salary and benefits package, which includes bonuses, share purchase scheme, car allowance and relocation assistance, is pitched to attract and retain individuals of the highest calibre.

Interested applicants should post or fax their CV, including salary details and quoting ref: 222 to Alderwick Consulting at the address below. For more information, telephone (+44) 171 242 9191 (weekdays) or (+44) 171 278 6475 (evenings and weekends).

Any CV sent direct to Intel will be forwarded to Alderwick Consulting Ltd.

ALDERWICK CONSULTING

SEARCH & SELECTION

95 FETTER LANE, LONDON EC4A 1EP. TELEPHONE: (+44) 171-242 9191 FAX: (+44) 171-242 3560

Divisional Finance Role

Solihull, West Midlands
Salary Negotiable + Car and benefits.

Bryant Homes Central, a division of Bryant Homes, with a turnover approaching £150m requires a dynamic individual to work closely with the Managing Director, lead a proactive finance function and take full responsibility for the integrity and quality of the division's financial /management reporting and internal controls.

Ideally 35+ a qualified graduate accountant, IT literate and systems aware the position holder must have demonstrated proven management success. Candidates will have the ability and strength to take and influence commercial decisions in a demanding business.

Well developed interpersonal and leadership skills with a positive 'hands on' approach are essential.

A comprehensive and attractive remuneration package is offered. To apply, please write with a full CV, details of current salary to:-

John Dennison, Bryant Homes plc.,
Cranmore House, Cranmore Boulevard,
Solihull, West Midlands. B90 4SD

Bryant Homes
Invest in Quality

Financial Controller

Number 1 in Finance

Central London — **c £45,000 + Bens**

Our client is a highly successful jewellery manufacturer and distributor, supplying to major multiple outlets and independent retailers. Established for 18 years, the company has recently experienced rapid growth and is now poised to take advantage of further business opportunities.

As a result of this exceptional growth, an opportunity has now arisen for a high calibre Financial Controller to join the management team. Reporting directly to the MD, you will take full control of the finance and administration functions. Major initial responsibilities will include implementing a new computer system throughout the company and providing a regular source of management information to help drive and manage further growth. You will also play a full role in the strategic development of the company.

The ideal candidate will be a young qualified accountant with very hands-on ability within small businesses. You will have strong systems skills as well as an appreciation of business and cost issues within a dynamic growing concern. Most importantly, you will be able to deal at all levels within and outside the company.

If you believe you have the above qualities, please send your curriculum vitae to Andrew Bentote, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN or alternatively fax on 0171 831 2612.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Financial Controller

Manufacturing

Hampshire Coast – to £45,000 + bonus + car

- *Our client is a major international business manufacturing and distributing products within a niche sector and operating on a world wide basis. To ensure its continuing success, a period of major change is planned which will include a substantial commitment to investment in technology and product development.*
- *As a member of the manufacturing management team, the Financial Controller will be expected to play a key role in the development of the manufacturing strategy. Particular emphasis will be placed on the creation of costing systems to provide pertinent management information in order to facilitate decision making issues such as "Make vs. Buy", product development etc. The individual will also be responsible for the budgeting and forecasting throughout all the factories.*
- *Candidates should be qualified accountants, probably in their early 30s, with strong IT skills who have already gained considerable experience of costing and have been involved in commercial decision making. A second European language would be useful, but is not essential.*
- *The current size and future development plans of the business are such as to be able to offer longer term career development.*
- *Some assistance towards relocation will be made if appropriate.*

Please send your curriculum vitae with current salary details and an explanation of how you meet these requirements to Paul Modley, Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, or by email to pmodley@cc.ernsty.co.uk quoting reference PM138.

ERNST & YOUNG
The United Kingdom firm of Ernst & Young is a member of Ernst & Young International

FINANCE DIRECTOR

MOMART

East London
c £40,000 + Share Options
+ Car + 10% ncp

THE COMPANY

An unrivalled market leader and the largest company of its kind in the UK, Momart specialises in handling, shipping and storing fine art on a worldwide basis. With a strong focus on high quality customer service, Momart's reputation is based on a deep appreciation for and knowledge of fine art in all its forms. Ambitious plans for the future, include expansion of existing services, organic growth and acquisitions.

THE ROLE

The Finance Director, a member of the senior management team, will manage six staff and be responsible for the financial development of the company as it grows. Broad ranging management and financial accounting work, working capital, cash management and company secretarial duties, all requiring a 'hands on' approach, will be mixed with detailed business planning, strategic analysis and systems development.

THE CANDIDATE

A qualified accountant with commercial experience you will have a detailed technical knowledge combined with the commercial understanding necessary for this high profile strategic role in an expanding business. Excellent computer knowledge is essential, but your interpersonal skills will also be crucial. You will need to be proactive, energetic and forward thinking but also down to earth and, whilst it is not essential, an interest in fine art would be a distinct advantage.

Interested applicants should send a copy of their CV to **Richard Clark** or **Chloe Fotheringham** at Douglas Llambias Associates PLC, 10 Bedford Street, London WC2E 9HE. Tel: 0171 420 8000. Fax: 0171 379 4820. Email: info@llambias.co.uk

DLA DOUGLAS LLAMBIAS ASSOCIATES DLA
RECRUITMENT CONSULTANTS

Nous recherchons pour notre Direction des Etudes Economiques :

3 Economistes Seniors

Un Economiste Senior dans " l'Equipe Risque-Pays " (réf. ERP)
Vous effectuez des analyses transversales et réalisez des travaux de recherche approfondis (méthode de scoring...). Vous assurez le suivi de quelques pays émergents (analyse, prévisions, diagnostic du risque) et secondez le responsable dans l'encadrement d'économistes juniors.

Un Economiste Senior en charge de l'économie française (réf. EF)
Vous effectuez des travaux de recherche approfondis dans plusieurs domaines concernant la France (situations financières des entreprises, les politiques budgétaires...) et réalisez des analyses, des prévisions.

Un Economiste Senior dans l'équipe " Questions internationales, monétaires et financières " (réf. QI/MF)
Vous effectuez des travaux de recherche approfondis dans plusieurs domaines (formation des prix, des actifs financiers, de la courbe des taux d'intérêt...) et réalisez des analyses, des prévisions sur plusieurs pays industrialisés à partir d'outils quantitatifs.

Au sein de ces 3 postes vous participerez à des travaux écrits (publications externes et internes)ainsi qu'à des présentations orales.

Diplômé de l'ENSAE et/ou d'un troisième cycle en Economie ou Finance, vous justifiez d'une expérience d'au moins 3 ans au sein d'une banque ou d'une administration économique. Vous maîtrisez parfaitement l'anglais et disposez de très solides connaissances économétriques. Capacités rédactionnelles, esprit de synthèse, sens du travail en équipe sont des qualités indispensables pour réussir dans ces fonctions.

A la BNP, en allant de l'avant vous avez de l'avenir.

Merci de nous adresser votre dossier de candidature (CV + lettre manuscrite) en précisant la référence du poste choisi à BNP DRRH Recrutement - 80 rue Taitbout - 75442 PARIS Cedex 09.

BNP

A CHAQUE INSTANT ON DOIT POUVOIR COMPTER SUR SA BANQUE.

Water Supply Industry

Financial Controller/Company Secretary

SURREY — **C £45,000 + CAR**

Our Client is part of the Générale des Eaux Group, the world's leading provider of utility related services. The company serves over 400,000 customers and has 200 employees and an annual turnover of £30 million. The current post holder will shortly undertake a long term secondment and we are therefore seeking an exceptional candidate to cover this position.

Reporting to the Managing Director, the appointee will manage sixty staff and be responsible for all aspects of financial management including statutory and regulatory reporting, management accounting and budgetary control. The Financial Controller will also manage the Customer Services Department and will provide financial support to Senior Management on regulatory issues.

Probably a graduate with appropriate accounting qualifications and a strong exposure to IT, the successful candidate will be able to demonstrate at least ten years' experience of financial management within customer focused businesses. The post encompasses the Company Secretarial function and therefore administrative skills are a prerequisite. The appointee will be an inspirational manager with the personal and professional qualities to operate effectively in a regulated environment.

Please write in confidence, with full career and salary details, to Geoffrey Mather, MSL International Limited, 32 Aybrook Street, London W1M 3JL. Please quote ref. 63742.

MSL

HEAD OFFICE LONDON TEL: 0171 487 5000 11 OFFICES NATIONWIDE

Hays Accountancy Personnel

SCMB Standard Corporate and Merchant Bank
With us you can go so much further.

and

Coopers & Lybrand
Treasury and Asset Management Consulting

present a seminar on

SUPERIOR CAREER OPPORTUNITIES FOR CHARTERED ACCOUNTANTS AND GRADUATES IN SOUTH AFRICA

28th July 1997 • The Long Room, Oval Cricket Ground, London

Corporate Finance • Project Finance • Asset Management
Equity Research • Treasury • Financial Control

Hays Accountancy Personnel's sister company has been established in South Africa since November 1995. We specialise in identifying superior career opportunities for South African professionals whom have gained international business exposure and would like to join the leading domestic or international investment banks, fund managers and blue chip corporates in South Africa.

The reintegration of South Africa into the global market economy has created a dynamic and exciting phase of growth within the financial services sector. On behalf of our international investment banking clients and together with 'Standard Corporate and Merchant Bank' and 'Coopers & Lybrand Treasury and Asset Management Consulting' the director of our South African operation will be hosting a seminar in London on career opportunities available in Cape Town, Johannesburg and Durban. Financial services consultants from the City of London markets will also be on hand to advise you.

To reserve your place at the seminar or to simply discuss opportunities in South Africa please call Georgia Mellen or Casandra Finaly on 0171 224 4989. Fax: 0171 486 6503. Alternatively contact Edward Stokes in South Africa Tel: 002711 320 0833. Fax: 002711 320 0870.

IT Appointments

IT Appointments

IT Director

Dynamic Marketing Services Agency

c. £55,000 Package + Car + Benefits — **West London**

Our client, the UK operation of a multi-billion dollar international marketing services group, has enjoyed consistent profitable growth since its establishment in the mid 1980's. It has established itself as a market leader in its field and has developed an enviable portfolio of 'blue chip' clients.

The effective use of technology complements the creative output of the agency and is key to delivering added value, differentiated services to its discerning client base. To reflect the importance placed on Information Technology for the future development of the business, it has been decided to appoint an IT Director who will have overall responsibility for all IT strategic and operational issues.

Reporting to the UK MD, you will be responsible for the effective and efficient use of technology in delivering the company's broad range of services to its customers. You will use your broad technical awareness of the applications of new internet, intranet and multi-media technologies, to ensure that real business benefits are delivered.

With excellent people and project management experience, you will be used to working in a fast moving, commercial environment, where it's performance is critical to the commercial success of the business. With at least ten years relevant experience, you will be attracted by the opportunity to make your mark in a young, rapidly growing, people oriented company with a commitment to delivering excellence to its clients.

This is a demanding and challenging role that is central to our client's growth strategy. As part of the senior management team, you will play a pivotal role in ensuring their continued success. In return for your professionalism and commitment, you will receive an attractive remuneration and benefits package, which includes a competitive basic salary, bonus opportunities and executive company car.

To apply, please send a CV and covering letter to Harvey Nash Plc, 13 Bruton Street, London W1X 7AH. (Tel: 0171 333 0033, Fax: 0171 333 0032.) Please quote reference number HN2827ST and include current salary details and, where possible, a daytime telephone number. You may also apply via http://taps.com/Harvey_Nash

HARVEY NASH

Major International Bank

C++ ANALYST PROGRAMMERS

City — £35,000 to £50,000 plus investment banking benefits and bonus

Our client is the European investment banking arm of a major international bank with assets in excess of US$200 billion. The Bank has been successfully trading a wide range of instruments including structured debt, FX and equity based derivative products and has developed a reputation as a key adviser on cutting edge risk methodologies to several blue chip institutions and corporate clients.

To ensure the commitment to quality during the expansion of its business activities, the Bank is now seeking to recruit two talented and enthusiastic analyst programmers to join its highly focused development team. With the focus on 'adding value', and involvement in critical projects spanning all areas of the Bank including the front office, these roles are full life-cycle encompassing the design and implementation of a series of new applications and their underlying infrastructures.

Your technical profile must include at least two years' development experience of C++. Any exposure to Visual Basic and SQL would be a distinct advantage. The Bank's technical platforms are contemporary and diverse and include C++, Visual C++, Visual Basic, OLE/OCX, Unix, NT, SQL databases (Sybase, SQL*Server, Oracle), Excel VBA, HTML etc. From a business perspective one of the candidates should have experience of the financial markets gained within an investment bank or a consultancy/software house. Both candidates must have the personal and communication skills to thrive in a demanding, but rewarding environment. They should preferably have a degree in a numerical, but not necessarily mathematical discipline, although the Bank will consider applicants who have the necessary skills by virtue of experience in a financial institution. Successful candidates will be committed, willing to learn about new and complex products and be able to integrate into a highly skilled team, who, due to the demands of the business areas, need to draw on collective strength as well as the expertise of the individuals in the team.

For further information contact Kevin Davey, quoting reference KDFT115, on 0171 247 7444. Alternatively, send your CV to McGregor Boyall Associates, 114 Middlesex Street, London E1 7JH. Fax: 0171 247 7475. Email: kdavey@mcgregor-boyall.co.uk. Or visit our website at www.mcgregor-boyall.co.uk

McGregor ■ Boyall

Business & Technology Selection for Financial Markets

Senior IT Manager

Quoted Independent UK Private Bank

City Based

Our client is a long established quoted independent UK private bank which provides a range of financial services to private and commercial clients. It is currently experiencing a period of business growth to which IT will make a major contribution.

The role includes complete responsibility for the London IT department. This involves managing a small team and formulating and implementing an IT strategy to provide technology based solutions for existing and new business opportunities.

There will also be a requirement to establish IT standards and controls for all areas of the group and to take responsibility for group-wide developments.

You will need a background in financial services and excellent project management skills.

Applicants must have experience of Microsoft Office products, Novell, and general PC and network applications. Some knowledge of banking systems is essential.

The role requires a firm but diplomatic individual with proven management and communication skills and sufficient authority to present effectively at Board level.

In addition you will need the inter-personal skills, clarity and decisiveness to manage a team and build long-term business relationships with senior colleagues throughout the group.

This role will offer an excellent opportunity to use your vision and existing skills to develop an effective and user-focused IT function. The remuneration package will be negotiable reflecting the calibre of the candidate.

Applicants should send their CV to: Justine Brown or Simon Ward, quoting reference JB207 at Parkwell Management Consultants Ltd., 8 Wilfred Street, London SW1E 6PL. Tel: 0171 630 8000. Fax: 0171 233 5205. Email: Parkwell@Compuserve.com

PARKWELL

SENIOR CONSULTANT - PROFESSIONAL SERVICES

LEGATO

Legato is the market leader in network storage management products for heterogeneous client/server computing environments. We have excellent opportunities for experienced open systems professionals.

Candidates will be responsible for developing requirements, designing, implementing and customising Legato storage management solutions in customers' distributed, open systems environments. We are looking for self-directed individuals to assist in building our professional services offerings. Strong account management in large customer environments required.

Ideally the candidate should possess at least 5 years experience as a systems professional with a general and well rounded knowledge in the UNIX and/or NT environments plus knowledge of storage management, systems management, network management, database management and project management. Must be willing to travel. The candidate must possess excellent interpersonal and communication skills.

Excellent compensation and benefits package. If you are ready for this opportunity then please send CV with salary requirements to:

Phil Evans (pevans@legato.com), Manager of Professional Services (Europe), Legato Systems Inc. (UK), The Asmec Centre, Eagle House, The Ring, Bracknell, Berkshire, England RG12 1HB. Fax: 01344 382059.

Legato Systems, Inc is a software company which develops and markets enterprise-strength storage management software for the protection and control of critical information assets. Our product range includes NetWorker® for NetWare, NetWorker for UNIX, NetWorker for Windows NT, and NetWorker BusinessSuite™. Legato is a worldwide company and have offices in the United States, Canada, England, Germany, France, Sweden, the Netherlands and Australia.

Information Systems Audit Managers

TREASURY — **LEADING UK BANK**

Our client is a major player in the financial markets serving corporate, inter-bank and internal customers. The highly profitable Treasury business operates in derivatives, money markets, foreign exchange and in the futures and options markets.

Two information systems auditors are needed to join a small but growing team responsible for the risk-based audit of all aspects of Treasury. There is a clear focus on commercial as well as financial risks. You will be involved in a range of major new development projects, based largely on client-server technology.

Treasury Audit also carries out special projects for senior management and can offer the opportunity to work for short periods in overseas Treasury centres and other parts of the Bank.

Successful candidates will *either* be qualified accountants with at least one year's experience of information systems auditing *or* will be experienced systems auditors with a background in large organisations. You will be an enthusiastic problem-solver adept at relationship management at all levels.

Previous banking experience is not essential.

The role offers a challenging opportunity to develop your systems audit and banking experience. You will contribute to the quality of both Treasury systems and the control environment.

In return, the organisation offers first-rate career opportunities and an excellent package, including car and banking benefits.

If you are interested in these positions please send your CV to Matthew Clark (Ref: MC146) at: Parkwell Management Consultants, 8 Wilfred Street, London SW1E 6PL Tel: 0171 630 8000 Fax: 0171 233 5205 Email: Parkwell@Compuserve.com

PARKWELL

EXECUTIVE CONNECTIONS

MIS Auditor

London Based — **£35,000 + Car + Bonus**

Our client, one of the world's leading FMCG groups with an extensive portfolio of premium international brands, encourages openness, challenge and innovation. The group's pre-eminent position is testament to the strength of their brands and their commitment to develop their people.

The role of the MIS Auditor is to enable best practice across Europe, Asia and Africa via the provision of first class commercial and technical advice. This will apply to both implementation projects and application development. This is a high profile role for those who wish to contribute significantly to the success of diverse business units.

To be considered you will need to be ACA or CPA qualified, with at least 18 months 'Top 6' consultancy experience. With a global remit (40-60% of your time will be spent outside the UK) a second language is essential whilst Spanish is highly desirable. Lotus Notes and Windows NT expertise is also pre-requisite.

This represents an excellent opportunity to join a high calibre team who consistently deliver whilst gaining a global IT perspective in one of the world's foremost commercial groups.

If you are interested in this exceptional opportunity, please send a comprehensive CV (including current salary details) to our retained consultants **Guy James** or **David Hughes** of **Executive Connections, 43 Eagle Street, London WC1R 4AP (fax: 0171 304 9001).** If you have any questions, then please do not hesitate to call them on **0171 304 9000. E-mail: response@executive-connections.co.uk**

Merita Bank Luxembourg S.A.

Merita Bank Luxembourg is a subsidiary of Merita Bank Ltd Helsinki, Finland's largest bank. We are specialised in Asset Management, Private Banking and Fund Administration, with a presence in Luxembourg since 1976 and currently employing 47 people. Our computer system consists of a mainframe configuration (IBM AS400 / IBIS) and a PC network (Windows NT and Microsoft Office). We are now looking for a new:

Head of EDP Department (M/F)

The ideal candidate for this position will have experience and qualifications in line with the job requirements, together with excellent relational and organisational skills.

The remuneration package will be in line with the successful candidate's qualifications.

Please send, by 28 July 1997, your handwritten application together with your CV to:

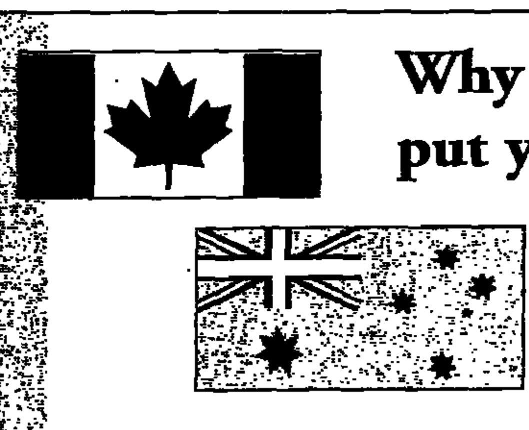
Merita Bank Luxembourg S.A.
Attn. A. Feis, Deputy Managing Director
P.O. Box 569
L-2015 Luxembourg

All applications will be treated in the strictest confidence.

FT IT Recruitment appears each Wednesday in the UK edition, and each Friday in the international edition

For more information on how to reach the top IT professionals in business call:

Mark Cunnington on +44 171 873 3761
Courtney Anderson on +44 171 873 4095



Why do some companies put you in the fast lane, *and then expect you to walk?*

SAP or BaaN CONSULTING

Canada or Australia

If you have a minimum of 12 months experience implementing either SAP or BaaN and are looking for something new, different and far more challenging than your current role, then continue reading.

Our client has tremendous career opportunities within both the SAP and BaaN software implementation business. They have offices throughout the world and are a secure and well-founded corporation. They practice an open management style that encourages their people to be creative and to use their own initiative. Empowerment is given to all their people.

If you are ready for the 'NEW' world and an exciting career change, please send or fax your cv to: **Gary Marks, 5799 Yonge Street, Suite 409, North York, Ontario, Canada M2M 3V3. Fax +416-229-0757. E-mail: gmarks@addmorepersonnel.com**

Candidates interested in Australia please send or fax your cv to: **Carolyn Eames, Level 21, 201 Miller Street, North Sydney NSW 2060 Australia. Fax: +61-2-9959-2327. E-mail: tlonyx@magna.com.au**

Teamwork's own goals

Victoria Griffith looks at the limitations of applying teamwork methods in the workplace

Teamwork has become a buzzword of 1990s management theory. By grouping employees into problem-solving taskforces, say the theorists, companies will empower workers, create cross-departmental fertilisation, and level ineffective hierarchies.

Yet executives know that, in reality, teams and taskforces do not always produce the desired results. Part of the problem may lie with the way teams are organised. Members may fail to work well together for several reasons, from lack of a sense of humour to clashing goals.

Academics in the US have been studying team dynamics to try to identify problems. Some of the most common mistakes include:

● Too much emphasis on harmony. Teams probably work best when there is room for disagreement. Michael Beer, a professor at Harvard Business School, says: "Team leaders often discourage discord because they fear it will split the team."

He studied teams at Becton Dickinson, the medical equipment group, in the 1980s, and found that efforts to paper over differences sometimes led to bland recommendations by taskforces.

One working group at the company, for example, said the division's overall strategic objective was "fortifying our quality, product cost, and market share strengths, while also transforming the industry through expanded customer knowledge and product/service innovation". The group, says Beer, offered no organisation guidance as to which factor was more important and why.

● Too much discord. Excessive tension can also destroy team effectiveness. A study published in the Harvard Business Review in June found that corporate team members disagreed less and were more productive when everyone had access to up-to-date information. Conflict arising from misinformation tended to escalate into interpersonal resentment.

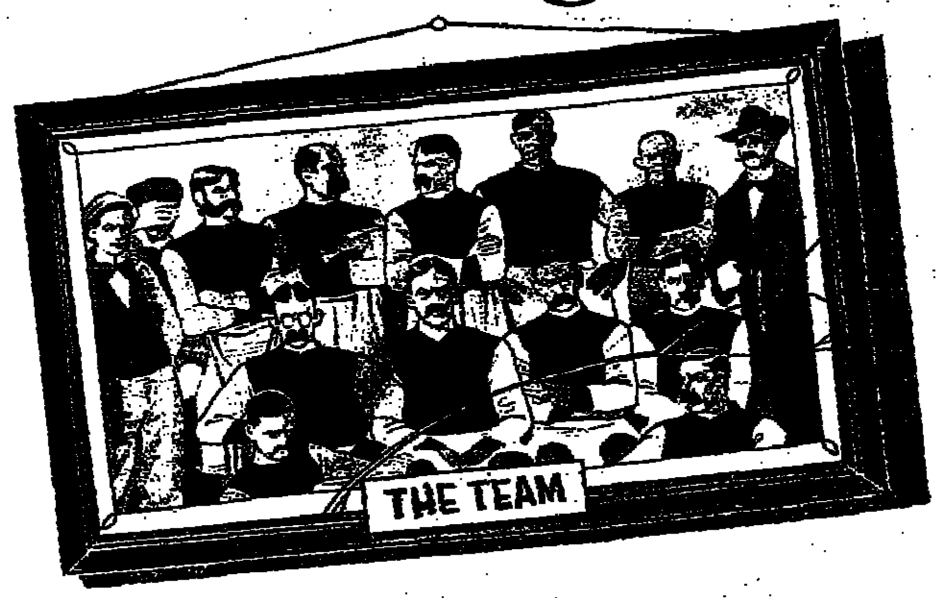
Jean Kahwajy, a management consultant with the California-based Strategic Decision Group and an author of the HBR study, says: "Nasty fights mean there will be too much politicking and wasted time." The study recommended that team members prepare for meetings by focusing on the facts. All members should have detailed knowledge of the issues at hand and work with the same information.

● An emphasis on individualism. Teams failed to deliver desired results at Apple Computer in the 1980s, says Beer, because of the emphasis the company placed early in its existence on individualism. While individual creativity served the company well in its initial phase, growth heightened the need for communication between employees.

Workers were assigned to cross-functional teams to set corporate strategy. It did not work, according to Beer, and the failure of Apple's research and development, marketing and manufacturing departments to work together undermined the corporation.

"When the dominant culture stresses the value of individual achievement and accountability, rather than collective accomplishment, team structures won't be effective," he says.

Even companies that value collective efforts may undermine teams by basing salaries and promotion more on individual than on collective accomplishments. "Unless the team's success is important to the employees' career, they probably won't pay much attention to it," says Kahwajy.



● A feeling of powerlessness. To work well, teams must be able to influence decisions. Jay Bourgeois, a professor at the University of Virginia's business school and co-author of the recent HBR article, says: "The team that has no power ends up writing a meaningless memo. You can only do that so many times before your workers decide it's not worthwhile."

Empowerment can help convince reluctant members of the importance of a project. When Uniff, a company that guarantees fax delivery, asked employees to form a team to set out internet strategy, initial reluctance was eventually overcome when it was made clear that the group was helping to form corporate strategy.

● The failure of senior management to work well together. This creates problems because team members may walk into meetings with different priorities. "Teams can't sort out problems that have been created at a higher level," says Beer. "Members can be expected to be loyal to their bosses, and if their bosses have very different priorities, there will be little common ground."

● Meeting-itis. Teams should not try to do everything together. Excessive time spent in meetings not only means wasted hours, it also means the group will be exposed to less diversity of thought. "If everyone goes in with prepared thoughts and ideas, developed on their own, discussion will be lively, and the group will have more options," says Kahwajy. "If everything is done together, a couple of lead people may end up running the show."

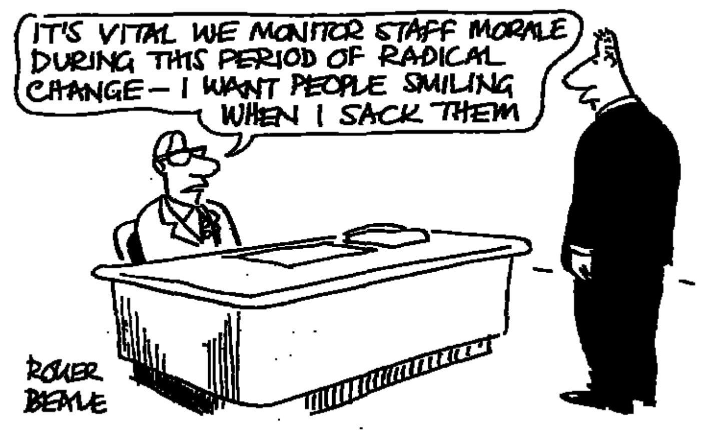
Kahwajy warns that too much homogeneity in teams can also stifle creativity.

● Seeing teams as the solution for all problems. Bourgeois says he is working with a corporation that expects its country managers – who are scattered all over the world – to work as a team. "They have very little contact and they don't share the same goal, except in the very vague sense of serving the same corporation," says Bourgeois. "It's silly to see them as a team."

Moreover, there are probably some tasks that are more readily accomplished by individuals, rather than groups. "You probably don't want to have a group decision when you're landing an aircraft at Heathrow," he says. "Sometimes a project is best carried out by a single person."

Wider picture provides the best score

Broad measures are best when implementing change, finds **Vanessa Houlder**



The idea that "what gets measured gets managed" is now an established part of management thinking. Companies try to monitor every aspect of their business that makes a difference.

But what use is this approach to companies trying to make radical changes to their organisations? Do scorecards and measurement frameworks help or hinder?

These questions have just been investigated by Keith Ruddle and David Feeny of Templeton College in Oxford. They interviewed 23 big companies including Legal and General, SmithKline Beecham, Coats Viyella, International Business Machines, Honda and Thames Water, all of which were undergoing some sort of change.

One of the study's main conclusions is that companies become fixated with their "old" measures – mainly those of short-term financial targets. This holds them back when they should be looking at broader issues, such as employee behaviour, skills, or infrastructure that may become strategically important.

"All participants expressed the opinion that with hindsight, a broader measurement focus earlier might have influenced the success or pace of change," the authors said.

One manager from a consumer products company said "[We] could have done it in six years rather than 15, given what I know now – do more things at once and start with the customer." Another said: "The whole behaviour and values problem is something I should have paid attention to earlier."

The study found a correlation between companies that had changed successfully (nine out of the 23) and those which which used broad-based measurement systems. About 80 per cent of the more successful companies, compared with less than 40 per cent in the rest, used broad "transformation scorecards" to monitor and assess progress.

The measurement frameworks and scorecards models tended to be loosely based on one of the following:

● A broad stakeholder-based approach, such as described in the 1995 study on Tomorrow's Company by the Royal Society of Arts.

● Frameworks provided by the European Foundation for Quality, which cover a broad spectrum of measures.

● Use of "balanced scorecards", suggesting that performance should be measured in terms of the financial perspective, the customers' perspective, the internal business perspective and innovation and learning.

Using and adapting these models requires skill and experience. "To most boards and chief executives these approaches represent an experimental and unproven set of tools ... It is not clear how they are best used by leaders having to grapple with turbulent periods of change where radical strategic shifts are needed."

Part of the problem is that some of the "softer", non-financial measures are the most difficult to monitor – such as employees' behaviour, teamwork and customer satisfaction. The study noted, however, that employee attitudes were increasingly measured by surveys of morale and satisfaction and opinions; while leadership and team behaviour could be measured by "360° appraisals".

One of the most difficult areas was innovation and learning. But a small number of companies were tackling this by measuring customers' perceptions of innovation, use of open learning centres by employees, number of improvement opportunities generated by each employee and the proportion of employees working on innovation projects.

The study also points out that measures must be relevant, practical and restricted to the absolute minimum necessary.

Given the complexity of some of these issues, it is perhaps unsurprising that companies tend to focus on the things that are easy to measure. "In spite of all the rhetoric and new ideas, it was very difficult to get people away from the financial numbers," one participant noted.

Transforming the organisation: new approaches to management, measurement and leadership by Keith Ruddle and David Feeny. Price £65. Information Centre & Library, Templeton College, Kennington, Oxford OX1 5NY.

FINANCIAL TIMES FRIDAY JULY 18 1997

From circus to opera

Andrew Clark meets Jérôme Savary, enfant terrible of French theatre

Michel Monteaux

Savary takes on Glyndebourne: 'I hope nobody will say "Le comte Ory" is vulgar. For me, vulgarity is a Cartier bag'

The *enfant terrible* of French theatre has turned into a *baba cool (old lefty)*; the clown has taken to the classics. "When I was 20 I used to say that people who were getting old should leave space for the young," says Jérôme Savary, "but now that I'm ageing, I find I need the space as much as ever. I still have a lot of fun, I still take risks."

Savary, 55, is sitting outside the staff pub at Glyndebourne, an unlikely bolthole for one of Europe's great *farceurs*. He has come to the Sussex Downs to stage Rossini, his first UK engagement since his Grand Magic Circus visited London in the late 1960s. And he admits to a degree of culture shock. Cut off from his Paris base at the Théâtre National de Chaillot, he likens Glyndebourne to a holiday camp, and says the only reason he has been able to concentrate is because "sex seems totally absent from this county".

Will Savary make up for it in *Le comte Ory*, Rossini's comedy of cross-dressing and gender confusion, which opens on Sunday. "There will be no pubic hair," he confides, noting that he must respect the propriety not only of Glyndebourne audiences but of television viewers in Japan, who can follow the live relay on August 9. So the *risqué* element will be confined to a few topless girls.

As anyone who has seen his music hall spoofs or Offenbach stagings will know, Savary has a gift for comic extravagance. He places the libretto of *Le comte Ory* in the French *paillard* tradition (lewd fable), "but I hope nobody will say it's vulgar. For me, vulgarity is a Cartier bag. I may be known for making revolution in plays, but in opera I'm shy, because I don't like to disorganise the score. I want to make people laugh, but only during the recitatives and interludes."

Savary summarises the message of *Le comte Ory* as "Make love, not war". It could be the motto of his own life. The son of a French pacifist who emigrated to Argentina, Savary went to France when he was six and left school at 13. At 17, he crossed the Atlantic again to live in a Greenwich Village garret and practise as a painter. He was mad on jazz, met most of its stars and worked as a chauffeur for Charlie Parker's widow. After military service and a spell as a cartoonist in Argentina, he returned to Paris in the mid-1960s and formed his own travelling theatre troupe, the Grand Magic Circus.

Photographs of Savary in his Magic Circus days show a dangerously good-looking *séducteur*. He would attract audiences off the street with his zany ringmaster act, then relax backstage with a cigar in his mouth and a girl on his arm. A mixture of pantomime, musical, improvisation and satirical revue, the Magic Circus made Savary's name. It demonstrated a flair for the essentials of theatre, a sense of the outrageous and a strong exhibitionist streak.

In the intervening years, Savary has become one of the most respected figures in French theatre. His style remains much the same, and his private life just as colourful, but his 10 years at the Chaillot have revealed a seriousness behind the bare-cheeked *gauloiserie*. When he took it over, it was playing to empty houses. It now regularly sells out, and is widely hailed for its enterprising repertoire. Recent seasons have included John Ford's *'Tis Pity She's a Whore* and Brecht's *Arturo Ui* with nightclub performer Guy Bedos in the title role.

Despite these successes, Savary feels little in common with French classical tradition. "I have a style which comes from being self-taught. I started in the street and it gave me an artisan's spirit. I'm as happy staging a rock concert, an ice show or the fashion parade at Galeries Lafayette. What I say to my critics is that my name is Savary. If you don't like my style, you will always be disappointed."

That style can make heavy going of Shakespeare, but even Savary's detractors have difficulty picking holes in his operatic work. His *Cenerentola* was both poetic and hilarious; *Attila* was a hit in Milan. He still works with a core of old colleagues from his Magic Circus days, including Alain Poisson, lighting designer for *Le comte Ory*. He returns to Buenos Aires for *Macbeth* next April, and a touring production of *La mascotte*, a late 19th century *opéra bouffe* by Edmond Audran, is promised for the 1999 Edinburgh Festival.

No one understands the mechanics of French operetta better than Savary. His Offenbach combines frenzy and irresistible *folie*, often to the point where audiences find themselves weeping with laughter. But it's a genre that Anglo-Saxon directors have found peculiarly elusive. Would he care to share a few secrets?

Savary takes another long puff at his cigar. "You have to understand that French operetta is a mixture of refinement and bawdiness. When Offenbach came from Cologne, he brought something of the *carnivaliste* with him. It should be a bit like champagne – light and not too meaningful. To understand Offenbach you have to be slightly Dadaist, a combination of the surreal and the burlesque – something for which the English are not famous. The big mistake is to try to make literal sense of every word. Instead, let the music drive the action into madness."

A bit like Rossini? Glyndebourne audiences will find out over the next four weeks.

Theatre / **Ian Shuttleworth**

A cheerful divorce

Sandy Wilson recently attributed the relative failure of the original opening of *Divorce Me, Darling!* – his sequel to *The Boy Friend* – to the fact that "The winter of 1965 really wasn't the moment for an affectionate look at the 30s". Not much has changed in that respect with regard to its first revival since then, directed at Chichester by Paul Kerryson.

The show is cheerful fluff: packed with musical numbers which inhabit the borderland between pastiche and parody (even the Nice Hotel, where most of the action takes place, is the ambiguously pronounced Hotel du Paradis), overstuffed with plot lines (six or seven distinct strands are *immediately discernable*) and, on this outing, equally generously crammed with big musical-theatre names.

Ruthie Henshall as Polly, whose semi-innocent evening out with old flame Bobby (Tim Flavin) proves rather too successful at kindling jealousy in their respective spouses, is the nearest thing we have to a new Julie Andrews. Bright, talented and wholesome as such, despite the warm regard in which the audience holds her, she is regularly upstaged by practically anyone who cares to... and several do.

Jack Tripp inserts more than a modicum of comic business into the role of Lord Brockhurst, but is a model of discretion compared to Joan Savage as his health-and-efficiency-minded wife. Simon Butteriss bumbles effectively as their nephew Freddy, while Marti Webb and Linzi Hateley are under-used in supporting roles as Bobby's husband-hunting sister and the hotel receptionist.

Rosemarie Ford, as Bobby's wife Maisie, inexplicably appears in a pantomime principle-boy costume for the final number, and even Peter Edbrook plays what is little more than a cameo as the president of the South American republic of Monomania as if he were Orson Welles. (Edbrook is either being economical with the truth in claiming in his programme biography that he appeared in D.W. Griffith's silent classic *Intolerance*, or he is *much* older than he looks.)

The *grande dame* laurels, though, go to Liliane Montevecchi as Polly's stepmother, working pseudonymously as a cabaret singer; Montevecchi vamps her way through "Blondes are for Danger" and appears in an enormous feather boa which suggests an entire continent of exotic birds are flapping around bald somewhere.

Kerryson's direction follows Wilson's script in not exactly going consistently over the top, but certainly bobbing its head repeatedly over the parapet, and Hugh Durrant's set is an Art Deco dream. Period references are impeccable – a mickey-take of Cole Porter's "You're the Tops" includes the line, "You're a Hulbert flick", and Polly's husband's line about taking a flight from Croydon gains a laugh from a generation unacquainted with London's first airport – but the overall impression is less one of rediscovering a neglected treasure than dusting off a curio.

In repertory at Chichester Festival Theatre, until September 27 (01243-781312).

Jazz / **Garry Booth**

A blow-a-thon

On paper it looked like the dream team: protean pianist Herbie Hancock fronting state-of-the-art bebop impressionists tenorist Mike Brecker and guitarist John Scofield at the Festival Hall, all backed by the superior rhythms of bassist Dave Holland, drummer Jack DeJohnette and percussionist Don Alias. But what should have been a masterclass in effortless interplay and improvisation was instead more like the musical equivalent of Saturday afternoon tag wrestling.

Of course, these guys individually are the most fluent and agile of jazz communicators. But in the ring together as The New Standard All-Stars, they seemed to lose all grace and sense of purpose.

Introducing the first number, Don Henley's "New York Minutes", Hancock said they had worked out the arrangement by destroying the original and then sticking the pieces back together. This much rang true and the bustling, dislocated blow-a-thon that followed bore little resemblance to anything the Eagles ever intended.

The routine changed little for the sequence of non-standards to follow. The Lennon/McCartney ballad "Norwegian Wood" was deconstructed into a coarse chorus-swapping session between Scofield and Brecker; Peter Gabriel's "Mercy Street" was first attacked by drum and percussion, pummelled into an uneven groove by Hancock and finally had the life wrung out of it by Brecker. The Prince piece, "Thieves In The Temple", quickly degenerated into an overlong and indulgent heavy-metal wig-out.

Brecker and Scofield are masters at using pedal effects and harmonic distortion to make a subtle point, so it was doubly disappointing to find them disappearing up improvisational cul-de-sacs, as they did on Tuesday. Hancock's contribution was tantalisingly meagre and mostly overwhelmed by the antics of his sidemen.

The London concert came at the end of a 17-date, 19-day tour of Europe so the group can be forgiven for feeling battle fatigue. But the fusion faithful – and they were out in force – deserved better than this.

Ballet / **Clement Crisp**

A Giselle of rare promise

There are those rare moments of recognition in the dance theatre when you know you are in the presence of an extraordinary new talent. Sometimes the frisson comes with the first steps by a young dancer – I think of Baryshnikov and Solovyov, of Darcey Bussell, of Makarova and Seymour, who had but to move and the great gift spoke. Sometimes it is a mere outline – the youthful Semenyaka standing in fifth position, a first Bournonville pose by Lis Jeppeson – which trumpets the good news. So it was on Wednesday night with the appearance of Svetlana Zakharova in the Kirov *Giselle* at the Coliseum.

She came out of the cottage, a young girl, beautiful in face, delicate in physique, and made her first steps to meet her lover. And she was Giselle. Every critical response I possess started to argue. "She looks the part – but how deceiving such looks can be. She can dance, certainly, and she's superbly trained, but many a girl could pull off this scene and still not be a Giselle. When Makarova made her debut here, you could sense the physical and emotional genius at once..." And so on. But within a minute I was convinced, not just by the ravishing physique. Here was a Giselle of the most touching simplicity, of unaffected truthfulness, of musical grace, of rarest promise. Here, please Heaven, is a great Giselle for the next decades.

What Zakharova shows – and she is barely more than a year out of the Vaganova School – is a phenomenal rightness for this "holy" ballet (Karsavina's phrase). She renews the old language, the old conventions, the hallowed traditions of her school and company, through superlative training and an innate, God-given sensibility. We watch her as Giselle, and know what the ballet is about, both historically and aesthetically. We believe, totally, in *Giselle* as a tragedy, as a marvellous survival of Romanticism and, significantly, as touchstone of the highest dance artistry. (The previous night I had seen it turned into a study in corpse-washing by Yulia Makhalina, whose main contribution to interpretation was pearl white nail-varnish – so usual among Thuringian peasantry in Olden Tymes.)

On brute matters of technique, Zakharova passes every test. The first act variation was delicately done, those horrid hops on point feathery-light. All the examination questions of Act 2 – is the jump airy? is the phrasing pure? – were passed with flying colours. (My one reservation concerns over-high, six o'clock extensions in the adage: gymnastics is not dance.)

Most important, the *idea* of Giselle as peasant and wili was sustained, illuminated. She lived the part, and we lived it with her. I salute her unreservedly.

Her Albrecht was Igor Zelensky, and he was an ideal partner and complement to her playing, simple and noble in all things. The *corps de ballet* of wilis were superlative: united in style, harmonious in training, they breathed, moved, existed as one.

Preceding *Giselle* came a happy bonus – Balanchine's sun-filled realisation of Bizet's youthful *Symphony in C*. I saw it when it was created at the Paris Opera as *Le Palais de cristal* in 1947. Then it had a multi-coloured setting, and multi-faceted artistry from its principals. With New York City Ballet it has received a less opulent reading – all white in look, and sometimes in manner. In John Taras' splendid production for Petersburg, the colour is returned (it ought to revert to its original title) and it looks far more like the Paris version.

It has handsome costumes by Irina Press, and it is cast from strength. Yuliana Lopatkina is a miracle of adagio grace in the second movement, her line drawn by Ingres; Irma Nioradze deploys a sensuous grandeur in the opening movement. The Kirov artists do it marvellously well, Balanchine and Petipa united. It is the lightest of souffles made by the greatest of cooks, and it is ambrosia.

The Kirov Ballet season continues, with mixed repertory, until August 9 at the Coliseum.

INTERNATIONAL ARTS GUIDE

■ AVIGNON

THEATRE
Avignon Festival
Tel: 33-4-9014 1414
● Chambre d'Hôtel dans la Ville de Nn: adapted from Gogol and directed by Valeri Fokine; at the Usine Volponi; Jul 18, 20, 21, 22
● K.I. du "Crime": adapted from Dostoyevsky's novel by Daniil Guink. Kama Guinkas directs; Oksana Missina stars; at the Usine Volponi; Jul 18, 20, 21, 22
● Amphitryon: by Molière. One of two productions brought by Anatoli Vassiliev as part of a Russian season. Cast includes Valérie Dréville; at the Eglise des Célestins; Jul 21, 22

■ CHELTENHAM

CONCERTS
Cheltenham Festival
Tel: 44-1242-227979
BBC National Orchestra of Wales: conducted by Tadaaki Otaka in works by Brahms and Beethoven, and a new work by Julian Anderson; with violin soloist Raphael Oleg; at the Town Hall; Jul 20

■ DROTTNINGHOLM

OPERA
Drottningholms Slottsteater
Tel: 46-8-4570600
Euridice: by Jacopo Peri. Swedish premiere. Produced by Karl Dunér, designed by Peder Freiij, with the Drottningholm Theatre Orchestra conducted by Jakob Lindberg; Jul 18

■ GRAZ

CONCERTS
Styriarte Festival
Tel: 43-316-825000
Handel's Fireworks: Jordi Savall conducts the Concert des Nations in the festival's final concert: Purcell's *Fairy Queen Suite* and Handel's *Music for the Royal Fireworks*; at the Stefaniensaal; Jul 20

■ LONDON

CONCERTS
BBC Proms, Royal Albert Hall
Tel: 44-171-589 8212
● Bernard Haitink conducts the BBC Symphony Orchestra, Chorus and the BBC Singers in Beethoven's *Missa Solemnis*; Jul 18
● Nicholas McGegan conducts selections from Mozart and Schubert's one-act opera *Die Vershworenen*, performed by the Orchestra of the Age of Enlightenment. Soloists include soprano Hillevi Martinpelto; Jul 19
● World premiere of a new work by Michael Gordon and UK premiere of John Adams' *Scratchband*, plus music by Steve Reich, Lou Harrison, Philip Glass and Frank Zappa. Performed by the Ensemble Modern and conducted by John Adams; Jul 20

DANCE
London Coliseum
Tel: 44-171-632 8300
● The Kirov Ballet: The Sleeping Beauty – casts vary; Jul 18, 19
● The Kirov Ballet: Swan Lake – casts vary; Jul 21, 22

■ MONTREUX

JAZZ
Montreux Jazz Festival
Tel: 41-21-
A Gala Night will provide the conclusion to the two-week festival of jazz and related disciplines; at the Auditorium Stravinski; Jul 19

■ NEW YORK

Lincoln Center Festival 97
Tel: 1-212-875 5030
CONCERTS
● New York Philharmonic at the Avery Fisher Hall. Music director Masur's 70th birthday is to be celebrated in a programme of popular favourites. With Anne-Sophie Mutter and other guest artists to be announced; Jul 18
● New York Philharmonic at the Avery Fisher Hall. Kurt Masur directs a programme exploring countercurrents to Wagner, featuring the rarely performed Mendelssohn oratorio *Die erste Walpurgisnacht* and the Brahms *Violin Concerto*; Jul 19, 20

OPERA
Palestrina: by Hans Pfitzner – the Metropolitan Opera House is the setting for the New York debut of London's Royal Opera and US premiere of Pfitzner's opera, which tells the story of 16th century composer Giovanni Perluigi da Palestrina. Tenor Thomas Moser leads a cast of more than 40 in this production, seen at Covent Garden earlier in the year. The conductor is Christian Thielemann; Jul 21

■ ROME

CONCERTS
Accademia Nazionale di Santa Cecilia Tel: 39-6-6880 1044
European Union Baroque Orchestra: conducted by Roy Goodman in a programme of works by Vivaldi, Telemann, Bach, Quantz, Heinichen and Rameau; Jul 18

EXHIBITIONS
Palazzo Venezia
Tel: 39-6-679 8865
Feste a Roma: includes reconstructions of lavish, semi-permanent Baroque structures built to celebrate festivals, both religious and secular, which took place in Rome between the seventeenth and nineteenth centuries; to Sep 15

■ SALZBURG

THEATRE
Salzburg Festival
Tel: 43-662-844501
● Jedermann: by Hugo von Hofmannsthal. Revival of Gernot Friedel's production, designed by Imre Vincze; at the Domplatz; Jul 20
● Der Alpenkönig und der Menschenfeind: by Ferdinand Raimund. Revival of Peter Stein's production, with sets by Ferdinand Wögerbauer. With music by Wenzel Müller; at the Landestheater; Jul 22

■ SANTA FE

OPERA
Santa Fe Opera
Tel: 1-505-986 5900
● La Traviata: Linda Brovsky directs this new production of Verdi's opera, set in the Parisian demimonde. Christopher Larkin conducts; Jul 18
● Arabella: Janice Watson sings the title role of Strauss's opera, in a new production directed by John Cox. The conductor is John Crosby; Jul 19

■ SCHLESWIG-HOLSTEIN

CONCERTS
Music Festival
Tel: 49-431-567080
● The Festival Orchestra: performs a programme including works by Mendelssohn and Brahms. Conducted by Hartmut Haenchen, with violin soloist Miriam Fried; at the Musikhalle, Hamburg on Jul 20 and at the Theater, Itzehoe on Jul 21

■ TANGLEWOOD

Tanglewood Festival
Tel: 1-617-931 2000
CONCERTS
● Seiji Ozawa conducts the Boston Symphony Orchestra in works by Takemitsu, Mozart and Beethoven. With piano soloist Peter Serkin, baritone Mark Oswald, and the Tanglewood Festival Chorus conducted by John Oliver; at the Shed; Jul 18
● James Conlon conducts the Boston Symphony Orchestra in a programme of works by Britten, Bruch and Stravinsky. With violin soloist Itzhak Perlman, tenor John Aler, and the Tanglewood Festival Chorus conducted by John Oliver; the Shed; Jul 19

OPERA
Les Mamelles de Tirésias: this fully staged production of Poulenc's opera, directed by David Kneuss, is preceded by two vocal chamber works by Ligeti; performed by the Tanglewood Music Center Vocal Fellows and Orchestra, conducted by Seiji Ozawa; at the Theatre; Jul 19

■ VERONA

OPERA
Arena di Verona
Tel: 39-45-800 5151
● Aida: by Verdi. Conducted by Nello Santi in a staging by Gianfranco de Bosio. Casts vary; Jul 18
● Carmen: by Bizet. Conducted by David Gimenez, in a staging by Franco Zeffirelli. Agnes Baltsa and José Carreras recreate their famous double-act on Jul 19, 22 & 25

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV
(Central European Time)

MONDAY TO FRIDAY

NBC/Super Channel:

07.00
FT Business Morning

10.00
European Money Wheel
Nonstop live coverage until 15.00 of European business and the financial markets

17.30
Financial Times Business Tonight

CNBC:

08.30
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight

Philip Stephens

Labour in the dock

The UK home secretary must launch a braver campaign to change the public mood in tackling the prisons crisis

To wear an expensive watch in London's fashionable districts is to issue an invitation to be beaten and robbed. To get caught in the traffic snarl-ups on the west side of town during the weekend exodus to the country is to risk an encounter with the young men who make a living snatching bags from gridlocked cars. We're tough on crime, say the politicians. Leave your Rolex at home, say the police.

I exaggerate. Not by much. Of course, London is not as bad as Miami, where Gianni Versace was gunned down this week outside his opulent ocean-front mansion. But there are other parallels across the Atlantic. To resounding popular applause, both countries have been filling their jails as fast as they can. Prison works, Michael Howard, Britain's last home secretary, used to say in studied imitation of the American way of punishment.

Tell that to the victims. Or to Jack Straw. The New Labour government promised to be every bit as unforgiving towards villains as its predecessor. Now he has Mr Howard's job, Mr Straw is picking up the price tag for this pre-election populism. In opposition, he mocked Mr Howard's decision to anchor a rusting American prison ship off England's south coast. Now his officials are scouring the seas for as many floating jails as they can find.

The crisis in Britain's criminal justice system cannot be overstated. Since April, the numbers detained at Her Majesty's pleasure have been rising by 300 a week. That fills a new prison every fortnight. It is worse. At 62,000, the number of inmates is already a record – and 50 per cent higher than a decade ago. Each and every one of them costs the taxpayer a whacking £25,000 a year.

True, this still does not compare to the horror story in the US, where lawmakers have simply emptied the ghettoes into the prisons. There, more than 615 per 100,000 of population are in jail, against nearly 120 in Britain. But in Europe, only Spain and Portugal lock up a comparable number to their island neighbour. France and Germany have a third less.

Bad enough. But all the evidence suggests the policy is as ineffective as it is expensive. Recorded crime rates issued by the police have fallen; slightly. But these capture only a small, and almost certainly decreasing, fraction of the total. Recorded offences amount to just a quarter of actual crimes, while only about two in every hundred result in a conviction.

The prisons may be overflowing but the number of offenders sentenced in the courts has fallen by more than 10 per cent since the start of the 1990s. The apparent paradox is easily explained. A higher proportion of a smaller number of offenders is receiving ever-longer custodial sentences. So the streets are no safer.

There is no mystery about the stiffer sentences. Judges and magistrates sup from the same cup of public opinion as the rest of us. That opinion, fed by the politicians, has turned to prison as a panacea. Rehabilitation, if always a misty-eyed ambition, is now a forbidden word. The tabloid newspapers scream lock them up. The judges oblige.

It may take time to wean the public from the nonsense that prison works. Most people will settle for less crime in place of more revenge

Never mind that only a tiny proportion of offenders ever gets caught; let alone hauled before the courts. Rational and humane analysis of what constitutes effective punishment has been sacrificed to vengeance. It was less than a decade ago that Douglas Hurd, the then home secretary, said prison was a last resort. It seems an eternity.

There is no dispute that violent and dangerous criminals must be incarcerated. But those found guilty of violent or sexual offences account for less than a quarter of the total. Many of those have committed relatively minor assaults. Another fifth of all prisoners have not been convicted of any crime. Half of these remand prisoners will never receive a custodial sentence.

All this leaves Mr Straw in a bind. Uncharitable observers would say it was entirely of his own making. If Mr Howard led the vengeance lobby, Mr Straw was ever a willing echo. He is proud that at the election Labour, once judged irredeemably soft on the issue, established an unprecedented lead over the Conservatives on law and order.

To be fair, the home secretary also has genuine contempt for those who would simply open the prison gates. For every society swank robbed of a few diamonds in Mayfair, he will tell you, there are scores among the poor and the old who live in terror of the crime endemic on many housing estates. And they can't afford insurance.

So Mr Straw has abandoned his opposition to private prisons and added another two to Mr Howard's programme. He intends to implement his predecessor's plans for tougher mandatory sentences for the most violent offenders and rapists. He has recoiled from the sensible and quick fix of a release programme for petty crooks.

But I detect glimmers of sanity. Mr Straw is not bone-headed. Unlike his predecessor, he does not wear the prison population as a badge of pride. He sees the disjunction between the numbers inside and falling conviction rates. He has highlighted too the wide and irrational disparities in sentencing as between various parts of the country.

So Mr Straw has dipped his toe in the water by talking about raising confidence in alternative sanctions – community service, drug rehabilitation programmes, electronic tagging and the like. Fine-defaulters might be obliged to surrender their assets before their liberty. He needs no reminding from the Treasury that five offenders can be punished in the community for the price of one inmate.

What's needed now is a braver campaign to change the public mood. If the home secretary worries this sounds too soft for the tabloid newspapers to which the government still pays dutiful homage, he can point a finger across the Atlantic. Even states such as California, Idaho and Nebraska are asking themselves how sensible it is to spend more on imprisoning their young men than educating and rehabilitating them.

It may take some time to wean the public from the seductive nonsense that prison works. But people are not stupid. They will happily settle for less crime in place of more revenge. Catching criminals makes more sense than carpetting the country with prisons. Sure, New Labour promised to be tough on crime. But it also said it would be tough on the causes.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). e.mail: letters.editor@ft.com Published letters are also available on the FT web site, http://www.FT.com Translation may be available for letters written in the main international languages.

Fears over costs of integrating eastern Europe exaggerated

From Mr Krzysztof J. Ners.

Sir, May I comment on Lionel Barber's very interesting article "Babel comes to Brussels" (July 14).

The 10 central and eastern European countries applying for the EU membership are much wealthier than Lionel Barber indicates. He stated that the combined gross domestic product of 10 post-Communist countries is less than that of the Netherlands.

To make international comparisons pertinent, however, purchasing power parity (PPP) calculations are necessary. Thus, in these terms (in current international 1994 dollars), these countries' combined GNP in 1995, according to the *World Bank Development Report 1996*, was twice as much at \$578.8bn as the Dutch GNP of \$288.75bn. In addition, these countries have been registering annual economic growth at the level of 4 per cent to 7 per cent for the last couple of years.

Remember, when Portugal joined the EC in 1986, its per capita GNP was equal to 32 per cent of the EU average. Within the next six years, Portugal had improved this rate to 53 per cent. Similarly, economically healthy CEE countries should be able to fill the gap between east and west without huge transfers of assistance.

The fears of many sceptics that potential EU members will require such transfers of assistance are exaggerated. The famous EU Phare programme appropriates less than \$5 per Polish citizen annually. Thus, as transition until now in CEE countries has not been assistance-driven, their integration with the EU will not be assistance-driven either.

Krzysztof J. Ners,
PECAT President,
Policy Education Centre on Assistance to Transition (PECAT),
ul. Topiel 21/1,
00-342 Warsaw, Poland

Create bond to take risk on bankruptcy

From Mr Paul V. Azzopardi.

Sir, May I make one observation and one suggestion regarding the article by John Authers ("Investors reap whirlwind", July 14), dealing with "catastrophe bonds".

It is hard to understand how the banker quoted in the article could state that Cat Bonds are not correlated with interest rates.

As every banker knows, interest always plays a part when receipt and payment are separated by time.

I should like to suggest the issue of a bond tied to the risk of bankruptcy of a corporation.

The total expected return from these "bankruptcy bonds" and from holding the corporation's conventional bonds would approximate the risk-free rate, provided the two types of bonds are mirror images of each other.

Paul V. Azzopardi,
director,
Azzopardi Stockbrokers,
Il-Piazzetta,
Fourth Floor,
Tower Road,
Sliema SLM16,
Malta

Build on Covent Garden brand name

From Dr Bruce Lloyd.

Sir, Clement Crisp ("Hollow farewell at Covent Garden", July 16) agonised over the future of The Garden. But he missed one vital dimension. The new theatre needs in-built facilities to video all productions. There is an enormous market for the high quality output of a global brand name such as Covent Garden. This material could be marketed globally (in a similar way to BBC Enterprises) and be worth an additional income of tens of millions of pounds per year – even without the extra income from broadcasting rights. (It is ideal material for the 100-plus new digital channels expected in the near future.) There is no evidence to suggest that such an initiative would reduce the demand for live performances – quite the reverse.

A market-driven strategy, that fully exploited the unique strengths of the organisation, should be at the core of both its underlying viability, as well as being the key to getting its output to the wider market.

Finally, is it not somewhat paradoxical that the leading football teams are flocking to be quoted on the stock exchange, yet it seems this option is not being considered for The Garden?

Bruce Lloyd,
South Bank University,
103 Borough Road,
London SE1 0AA, UK

Orange Order more than a marching organisation

From Ms Patricia Campbell.

Sir, Philip Stephens' claim ("A choice of future", July 14) that the Orange Order sees self-rule in Northern Ireland as "synonymous with untrammelled Protestant hegemony" is to ignore reality.

The Orange Order exists to safeguard civil and religious liberty for all in Northern Ireland. The Order does not simply march to commemorate the past, especially not the distorted version of the past to which Mr Stephens refers.

It marches so that the world might know that it represents the democratic aspirations of the majority of the people of Northern Ireland.

The Orange Order is a Protestant organisation. This is not to say it is an anti-Catholic organisation. It is anti-terrorist, anti those who would deny its very right to exist and the very right of the pro-Union people of Northern Ireland to exist.

By coming to Belfast prime minister Tony Blair made it very clear that he values the Union. He spelt out that the Union belongs to all the people of Northern Ireland. That's what the principle of consent means.

Republicans are happy to use democracy when it suits them. They talk about peace while planning for violence. That's why we need real progress, not a process that people twist and turn to corrupt democracy and suit themselves.

We can leave the past behind. This may require courage and goodwill but the decision by the Orange Order voluntarily to relinquish its rights for the greater good proves that it can be done.

Patricia Campbell,
Unionist Information Office GB,
PO Box 11754,
London WC2N 6DT, UK

Europa · Rainer Gut

In defence of neutrality

Switzerland is doing its moral duty with regard to events during the second world war

Every war brings misfortune and suffering for which nothing can compensate. But the second world war plumbed new depths in the form of the Holocaust, a crime against human dignity of incomparable gravity whose after-effects are still visible.

It has been argued that those countries remaining neutral in the second world war failed to understand that this conflict was different from others: that it had a unique historical significance because Nazi Germany posed a threat to the very fabric of western civilisation. Staying neutral – declining to take part in this war, particularly after 1943 when the tide had turned in favour of the allies – is said to have been immoral.

As far as their fundamental attitude towards the Nazis was concerned, however, the Swiss were not neutral. They were aware from early on of the threat posed by their neighbour. For them, neutrality was never a goal in itself, but a means by which a small country might seek to preserve its independence.

We were, and still are, deeply grateful to the allies for the liberation of Europe.

Towards the end of the war, Winston Churchill published a memorandum written to his foreign minister in December 1944, in which he praised Swiss neutrality: "Of all neutrals, Switzerland has the greatest right to distinction. She has been the sole international force linking the hideously sundered nations and ourselves. What does it matter whether she has been able to give us the commercial advantages we desire or has given too many to the Germans to keep herself alive? She has been a democratic state standing for freedom in self-defence among her mountains."

As Mr Arnold Koller, Switzerland's president, recently told the Swiss parliament: "We had a right to survive."

We are not seeking to gloss over the unpleasant aspects of our past. Like other countries, Switzerland had its fair share of opportunists. We regret the questionable concessions made by the Swiss authorities, such as in procedures for dealing with refugees.

We also regret Switzerland's decision to carry on trading with Germany and, in particular, to maintain financial dealings until the last days of the war.

On the other hand, many Swiss men and women deserve gratitude for saving refugees, for helping others far beyond the call of duty, or for offering stubborn resistance to National Socialism. We are proud that our country remained true to democracy and human rights, in spite of the intimidating power that surrounded us. To judge past events fairly, one must piece together all the facts.

That is a demanding task requiring a readiness and an ability to engage in critical analysis and evaluation without prejudice. Today, Switzerland has created the conditions for such an analysis. In doing so, we also appeal to a sense of fairness on the part of others in helping us to come to a fuller understanding.

With regard to assets that belonged to the victims of Nazi Germany, where they are found they must find their way to the victims' rightful heirs. Where no heirs exist, assets must go to organisations providing help to victims.

Switzerland's financial institutions have carried out surveys of their dormant assets and will be making payments accordingly. Since the law requires records to be kept for only 10 years, documentation is incomplete. Records must therefore be collated manually from many sources. These surveys are being checked and counter-checked by an international commission headed by Mr Paul Volcker, and in a few weeks names will be published.

In addition, the three big Swiss banks, including Credit Suisse Group, have contributed SFr100m (\$67m) to a fund dedicated to providing financial assistance to Holocaust survivors. Other Swiss companies have added SFr70m to this fund, and the Swiss National Bank has pledged a further SFr100m.

In summary, I would like to make five main points:

- We want to get to the truth. At Credit Suisse, we are re-examining the history of the bank before, during and after the second world war. Under the supervision of the Volcker committee and the audit companies mandated by the committee, we are reviewing all dormant bank relationships dating back to the years in question. We welcome any initiative in connection with the study of the international context in which our own history must be placed.
- We want to solve the problem of dormant accounts once and for all. In publishing the names of wartime account holders, we will actively search for any beneficial owners who may still be alive. That decision reflects the unique moral constellation involved here and will in no way prejudice our commitment to banking confidentiality.
- We will act fairly. Anyone who has suffered as a consequence of the bank's conduct in the past will be compensated. If there are grey areas because the relevant documents are missing, we will take an open attitude to assessing and settling justified claims. However, we will firmly reject unjustified or exaggerated claims.
- We have often been criticised for understanding little about public relations. Complex historical issues cannot be marketed like the Matterhorn or clocks or chocolate. Switzerland has taken steps to assure transparency on all the issues raised. We seek direct contact with all interested parties.
- We will not be satisfied with finding out the truth, rectifying errors and negligence, and settling outstanding claims. We also have a further fundamental duty: that of those favoured by fortune to come to the aid of others plagued by catastrophe, oppression or injustice.

The desire to do one's moral duty has nothing to do with the size of one's country. Switzerland has a fine tradition in this respect which is reflected by its funding of the International Red Cross and the spontaneous help provided by the Swiss people between 1944 and 1948 to the tune of more than SFr200m through the project Swissaid.

This tradition of humanitarian solidarity is shared by many nations – from America the superpower to Switzerland the small state in Europe – just as they share the achievements of democracy, human rights and the rule of law. These traditions will, we hope, continue to form the foundation of friendship and co-operation across the globe.

Swiss Federal Archives

Border patrol: Swiss and German guards during the war

The author is chairman of Credit Suisse Group

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Friday July 18 1997

Strategies for jobs

Three years ago, the Jobs Study of the Organisation for Economic Co-operation and Development told countries to deregulate labour markets if they wanted more jobs. As the OECD acknowledges in its latest Employment Outlook, the failure of continental European countries to adopt its recommendations reflects their fear of increased earnings inequality. The question is whether it is possible to deregulate without suffering these malign effects.

It should be possible for countries to learn from one another, since some have the unemployment disease much worse than others. In 1997, 5 per cent of the US labour force will be unemployed, but 11.2 per cent of the European Union's. Unemployment is forecast at only 6.1 per cent in the UK and 6.2 per cent in the Netherlands, but 11.1 per cent in Germany and 12.6 per cent in France. These variations have emerged even though the position of people without good education and training has deteriorated everywhere over the past 20 years.

In continental Europe, high wage floors and collective bargaining have kept the earnings gap between skilled and unskilled workers constant. But greater equality among those lucky enough to be in work has gone with stagnant employment growth. In the more deregulated Anglo Saxon economies unemployment is lower, but there has also been a sharp rise in earnings inequality. The real earnings of those at the bottom have declined relatively in the UK and Australia and absolutely in the US and New Zealand.

So are there ways to combine high employment with higher incomes for the unskilled?

First, Germany and France must reform their unwieldy tax and benefits systems with a view to encouraging people to work. While reducing out-of-work benefits, in-work benefits can be introduced to counter adverse effects on people's incomes. The US and the UK have increased such provision in recent years. European countries that have shown themselves willing to subsidise the unemployed could, instead, make more generous provision for the low paid.

Second, by putting the interests of the unemployed before those of employed insiders, the social partners that are so important in continental European economies can help create the conditions for higher employment. If real wages rise less than productivity, for example, the incentives for job creation will steadily improve.

Third, the employability of the unskilled must be raised through better education and training. The OECD calls for a lifetime learning strategy, to help firms increase flexibility and workers their capacity to work. This will not be easy. The OECD itself offers no solutions. In the long run, however, increasing the productivity of the low paid is the surest way to stave off falling wages.

Current levels of unemployment in France and Germany are politically and socially intolerable. The Netherlands has achieved low levels of unemployment without rampant inequality. Germany and France must try to follow this example. Above all, whatever their distaste for increased earnings inequality, they should also remember the high costs of the unequal distribution of jobs.

Leadership

American Telephone & Telegraph, for a century one of the world's best-managed companies, has suffered a corporate governance disaster.

Last October, a board stuffed full of the luminaries of American business hired Mr John Walter as president and heir-apparent to the long-serving chairman and chief executive, Mr Robert Allen. On Wednesday, the board decided he did not possess the "intellectual leadership" to succeed to the top job. Mr Walter resigned, taking with him a total of $26m in pay and compensation.

Mr Walter's appointment was always controversial. On the day it was announced, the market wiped $3bn off AT&T's value. Investors were dismayed at the choice of a man from the printing business, with no telephone industry experience.

Mr Allen staunchly defended the choice, praising Mr Walter's ability to "transform a large, old-line company challenged by new technologies and changing markets." Less than nine months later, it was Mr Allen who asked the board not to confirm Mr Walter as his successor.

It is better, of course, to act swiftly on such difficult decisions, rather than to allow a mistake to linger. But the volte-face over the succession is not the only reason for questioning decisions made by the AT&T board – and Mr Allen.

In 1991, AT&T bought NCR in a hostile takeover. In 1995, after failing to achieve the synergies between computing and telecommunications for which it hoped, AT&T demerged NCR, and also spun off its telephone equipment manufacturing arm, as Lucent Technologies. Both these two companies seem to be doing better out on their own. But AT&T continues to lose share in long-distance telephone calls. Like MCI, it is finding it hard to move into the local telephone market. And talks – instigated by Mr Allen – to combine with the biggest of the local phone companies, SBC Communications, got nowhere.

Mr Allen was right: AT&T is an old-line company facing challenges from new technology and new competitors. Under his chairmanship, the board has failed to provide the company with the leadership needed to survive those challenges. Choosing then losing Mr Walter is only the most recent of a series of errors. As other big American corporations have discovered, at some point the only solution is a wholesale change in the boardroom.

Rights, wrongs

Mr Robin Cook, Britain's foreign secretary, has made a brave start towards a brave new world of better human rights. But his speech yesterday – attaching some concrete proposals to the principle of a more ethical foreign policy – still leaves some important questions unanswered.

No one could quarrel with Mr Cook's definition of core human rights: the right to live without state violence, arbitrary arrest and torture; and with free thought, worship and democratic expression. They are rights to which almost the entire world has subscribed in various UN covenants.

But moving from the general to the particular involves a long chain of implications and consequences. The chain starts at home, which in Britain's case includes Northern Ireland. Any country brandishing human rights must ensure its own record is beyond reproach.

At the other end of the chain, there is the issue of what Britain can do to ensure that those indicted for war crimes are brought to justice in the Hague. Mr Cook announced a UK donation towards a second courtroom to speed up trials. But the real problem is that there are too few, not too many, suspects in custody.

Mr Cook wisely seems to be looking only for "modest advances". He would seek to maintain a critical dialogue with countries whose record is unsatisfactory, rather than cutting off relations – except with regimes like Iraq which "may be beyond rational persuasion". But pursuing this middle road will require delicate judgements which will be hard to get right.

Particularly sensitive are arms sales. Labour has committed itself not to supply arms that "might be used for internal repression". That would include riot control vehicles and small arms. But if British Hawk jets are sold to Indonesia, who can say they will never be used for internal repression?

Britain's new policy will be closely watched for signs of inconsistency. But even if it can apply a single human rights standard, it still has to ensure that this is not undermined by what its partners do. Mr Cook says he intends to use the UK presidency of the European Union next year to give a "clear and consistent European message" on human rights, in particular on China. But it is with that important trading partner that the policy will meet its biggest test.

The FT Interview • Jacques de Larosière

Change of guard at bank

One of Europe's top civil servants tells **Anthony Robinson** and **Kevin Done** of the challenges awaiting his successor at the EBRD

The guard is changing at the European Bank for Reconstruction and Development created six years ago to promote capitalism throughout the former Soviet empire. On the brink of disaster after only two years under the leadership of Mr Jacques Attali, protégé of the late French president, Mr François Mitterrand, it has been saved by an unlikely alliance between a subtle French civil servant and a deal-making Wall Street banker.

Last month the banker, Mr Ron Freeman, quit his post as EBRD vice-president and went to Salomon Brothers. He has been replaced by Mr Charles Frank, a former vice-president of GE Capital. But the search is now on for a new president to succeed Mr Jacques de Larosière, widely considered one of the outstanding postwar international civil servants. The successor to Mr de Larosière, a former managing director of the International Monetary Fund and governor of the Bank of France, will be one of the principal diversions at this year's IMF/World Bank annual meeting in Hong Kong in September.

The departing president, silver-haired, soft-spoken but tough, deflects probing about his likely replacement next January. "Even if I knew I would not be at liberty to say," he says with a slight shrug. Nonetheless, he has clear ideas about the qualities needed to run what has become the largest single investor in the former communist world. Last year alone the EBRD lent Ecu2.2bn ($1.9bn) from its own resources and mobilised an additional Ecu3.8bn from other investors.

"My successor will need a strategic concept and a strong sense of independence, someone who can keep to the mandate of the bank and work closely with the board and with shareholders," he says. "Credibility is our greatest asset. We will keep it if we continue to respect our own principles."

The new president will be a European, from either east or west of the reunited continent. But he is unlikely to be another Frenchman. Whoever is chosen will have to gain the votes of a simple majority of the 62 governors as well as winning the support of a majority of shareholders, of which the biggest is the US with 10 per cent of the capital.

There are only two prominent names in the hat: Mr Lamberto Dini, the Italian foreign minister, and Mr György Suranyi, president of the Hungarian National Bank and architect of Hungary's spectacular recovery from the brink of a Mexican-style debt crisis. But it is early days. Germany is seeking to get more top international posts and has begun to press the case for Mr Caio Koch-Weser, a vice-president of the World Bank.

Whoever is elected will have to implement the bank's mandate to apply sound banking principles while offering something "additional" to the deals available from private lenders. That requires a president able to fend off political pressures.

Potential conflicts of interest among powerful bank shareholders emerged at this year's annual meeting when the US and European delegates revealed divergent views on the future strategic course for the bank.

The European Commission called on the bank to take a greater role in financing the EU's enlargement to central Europe, a stance reinforced by this week's proposal to start early accession negotiations with Poland, Hungary, the Czech Republic, Slovenia and Estonia.

The US by contrast made clear it wanted the bank to act as a kind of ice-breaker much further east. It wants the bank to concentrate on clearing the obstacles to US private investment, especially in the oil and resource-rich areas of the Caspian and central Asian regions far beyond Europe.

Mr de Larosière says the two views can be reconciled through the "graduation strategy" to wean countries off EBRD support which was approved at the bank's annual meeting in Sofia last year. This also approved an Ecu10bn doubling of the bank's capital.

"It is true that EU countries and the Commission are very interested in having the bank finance projects which facilitate enlargement. But we see no contradiction between that desire and our mandate. The things needed to facilitate enlargement are precisely what is demanded to speed up the transition [to a market economy]. Both require improving the environment, restructuring enterprises, recapitalising, privatising and reorganising the banks and enterprises, improving management skills and encouraging the development of small and medium enterprises."

As the bank shifts the balance of its operations into more distant, often riskier projects in the east it has to make increased loss provisions and take on more expensive monitoring of projects. Mr de Larosière argues that this eastward shift will not entail an absolute loss for central Europe, just a decline in the relative share devoted to a region which was initially the main beneficiary. "There is still much to do, especially micro-economic reforms in enterprises and the development of financial institutions. But we will not cling on when we are no longer needed."

There was much to do within the bank itself when Mr de Larosière was elected president in 1993. The institution was shaken after having been widely attacked for profligacy, poor accounting and a glittering but ineffective presence. "As soon as I arrived I called a staff meeting and spoke off the cuff about the crisis facing the bank. I told them that if they thought it was just a problem about the kind of marble used in refurbishing the building, they were very wrong."

He told them bluntly that shareholders and clients alike were mutinous. "I saw three or four things that the bank had to do. But first we had to answer the basic questions. Do we need the EBRD? What should we be doing?"

To get the answers he set up a special taskforce "not staffed by high-ups with cliques and turf to protect but by a dozen or so young people in their 30s who were knowledgeable and respected by their peers," he says. "I gave them 10 weeks. They went away and talked to about 250 people – clients, shareholders, competitors. Just before Christmas they came back with a 10-15 page report of total clarity."

The new strategy started with the assumption that the main objective was to promote private-sector development. "This meant less emphasis on joint ventures with western internationals and more on helping local companies to get their own projects off the ground." That required a more decentralised bank, with a greater local presence and closer links with local banks and companies. "We had to take our expertise into the field."

He also scrapped the division of the bank into public and private sector activities, each with its own vice-president and staff. "This duplication made no sense and productivity rose sharply after we combined the two under Ron Freeman."

At the same time the budget was rewritten. Since then the bank has steadily expanded its lending and other activities without any increase in costs. "Our portfolio has quadrupled; our costs have remained the same."

The biggest overheads remain the £14m ($23.4m) annual rent on the elegant Broadgate offices, guarded by a gigantic bronze statue of a reclining fat lady, and the maintenance of the permanent board representatives within them. The building alone accounts for 41 per cent of overheads and the board for a further 7 per cent.

"We are permanently looking for cheaper premises, although if we vacate we will have to sub-let under the terms of our lease," the president says, indicating another task for his successor.

There will be many others. Recent developments in the disparate region of 26 countries in which the bank operates have shown how even the most advanced transition countries such as the Czech Republic, which has been hit by a currency crisis, can run into difficulties. Growth remains stubbornly elusive further east in Russia, Ukraine and other former Soviet states. Curbing the growth of organised crime, improving corporate governance and legal systems, strengthening the institutional underpinnings of markets – in all these areas the demands on the bank will grow.

The new president will inherit a much leaner, more focused and effective bank than seemed possible four years ago. But if the inner workings of the bank have been simplified, the problems on the ground are every bit as complicated.

· OBSERVER ·

Hitting the green stuff

■ Golfing sensation Tiger Woods has joined another of the world's most highly paid elites: Japan's foreign-celebrity advertising circuit, where astounding sums of money are paid for product endorsements.

Among ad-circuit veterans are Jody Foster (Honda cars, cold milk beverages), Cindy Crawford and Sean Connery (Japanese whisky), Harrison Ford (beer), Dennis Hopper (bath salts) and Sylvester Stallone (ham).

Money apart, a big attraction for many celebrities who prefer not to trumpet all of their touting activities is that the Japanese ad agencies offer foreign stars a standard guarantee that their campaigns won't be shown outside Japan.

This advantage has been undermined by an enterprising Tokyo concern which publishes several pages of previous campaigns on the internet *(http://home2.gol.com/users/ian/shamepics/)*. Cybersurfers can see, among other things, a fetching poster of Arnold Schwarzenegger waving two kettles over his head to advertise instant noodles.

Woods is likely to earn his place on the website with a three-year "several hundred million yen" contract to grin and drink canned coffee in front of television cameras for Asahi Soft Drinks, part of Asahi Breweries.

Dropping a dime

■ Frank Winfield Woolworth must be turning in his grave – 117 years after he opened the Great Five Cent Store in Utica, New York, the company which bears his name is to close its 400 or more five-and-dime variety stores across the US.

The display cases and soda fountains are to be auctioned off and, to add insult to injury, the hard-nosed corporate types who now run the company are to change its name later this year "to reflect the group's global speciality retailing formats".

Woolworth was a Napoleon of American business. His headquarters, the gothic Cathedral of Commerce in New York City, was the tallest building in the world when president Woodrow Wilson opened it in 1913. Woolworth's 24th-floor office was modelled on the Empire room of Boney's palace in Compiègne, complete with a life-size bust of his hero.

But people found other places to buy light bulbs and the business has been taking in water for years: the general merchandise side lost $24m in the first quarter of this year, and closing it will bring a charge of $223m.

The group's going to concentrate on its fancier retail formats, but their names – such as Lady Foot Locker or Champ Sports – do lack a certain magic. It's time to protect the Woolies name by sending postcards of protest to the board. If you can find somewhere to buy them.

Water sports

■ Officials of the Olympic Games who've been checking out Stockholm's bid to host the 2004 sporting extravaganza had assumed that they were visiting one of Europe's safest cities. But it turns out that microscopic danger lurked behind mayor Mats Hulth's party trick.

The Swedish capital is emphasising environmental issues in its Olympic campaign. It claims to have the cleanest water of any world capital and stages an annual water festival to underline the point. Hulth liked to take Olympic delegates to the banks of Mälaren, the lake on which the Swedish capital is built, and give them a glass of its water to drink.

The city's environmental protection board thought this was taking environmental propaganda a step too far and ran some tests. The water was OK for swimming in, they declared, but "unsuitable" for drinking. Among objections to slaking your thirst from the Mälaren are the presence of potentially harmful bacteria such as E.coli and streptococci.

"You'd have to be very thirsty to drink this water," said environmental protection board official Inger Wikström. Hulth says no IOC delegate has become ill after tasting the waters, but he'll offer future visitors a more conventional beverage.

Hard sell

■ Meanwhile, organisers of the 2000 Olympics in Sydney are giving a helping hand to the games' official sponsors. Apparently non-sponsors have been doing a better job of exploiting the city's hosting of the event than those who've spent millions to use the five-ring symbol.

The Sydney Organising Committee for the Olympic Games is to splash out on an advertising "shame campaign" to combat "ambush marketing" – which is as much a part of the modern Olympics as synchronised swimming – and ensure that Australians know who the real sponsors are.

Successful sporty ads by non-sponsors like Qantas and National Australia Bank have irritated the committee, which is springing to the defence of sponsors like Ansett Airlines and Westpac Bank. The "shame campaign" looks like the first skirmish in a long war.

The Financial Times

50 years ago

Car Works Allocation
Allocation of the "People's Car" factory at Grantham has been withdrawn from the syndicate headed by Mr F.S. Cotton. Mr Stafford Cripps, President of the Board of Trade, announced this in the House of Commons yesterday. Mr W. Gallacher (Communist, West Fife) suggested that the producers of the "People's Car" had been "pushed out" of business but Sir Stafford said: "The original owners were not pushed out. They went into liquidation."

Marshall Plan For S America?
The interest of all business circles is concentrated on the next visit of Mr John W. Snyder, Secretary of the U.S.Treasury, who should arrive at Rio de Janeiro on Monday next, accompanied by seven high dignitaries of the State Department, the U.S. Presidency and the Treasury. Among them to be mentioned is Mr Marcus H. Elliot and Mr Jacques Torfs, advisers of the World Bank. This visit might be called the inauguration of a South American Marshall Plan. The first object of the visit would be to negotiate the ancient Brazilian demand for a $250m loan to be utilised for the purchase of railway and port equipment in the U.S.A. Secondly, to develop manganese and iron ore exports from Central Brazil.

FINANCIAL TIMES
Friday July 18 1997

US anger over 38% increase in car imports from Japan

By Gillian Tett in Tokyo

US car manufacturers yesterday reacted angrily to Japanese trade statistics for June which showed a 38.5 per cent increase in car exports to the US.

This surge helped push up the overall trade surplus in June to Y934.2bn ($8.07bn) – 27.7 per cent higher than in the same month last year. It was the third consecutive month of big increases, taking the politically sensitive trade surplus to Y2,480bn in the second quarter – almost double its level a year earlier.

The Japanese government blamed the increase on April's increase in its consumption tax, which has dampened consumption and imports. It added, however, that the June data suggested the pace of the surplus rise was slowing.

The export surge sparked immediate criticism from US car manufacturers. They fear that the Japanese tax increase and the weakness of the yen earlier this year are encouraging Japanese manufacturers to sell more cars overseas.

Mr Andrew Card, president of the American Automobile Manufacturers' Association, said in Tokyo: "The US administration understands that the growing trade surplus in Japan has the potential of increasing trade friction."

He said the AAMC had asked the US trade representative to put Japan on its watch list for possible retaliatory action for unfair trade practices and not living up to promises to open the Japanese market to US carmakers.

"By every measure, US-Japan automotive trade patterns are sharply deteriorating," he said.

In June, Japanese car exports were 39.4 per cent higher than a year earlier, measured in value terms, while imports were 24.1 per cent lower.

This 27.7 per cent rise in the overall surplus was slightly lower than economists had expected and slower than in the previous two months. In May, for example, it trebled.

Analysts suggested imports might be recovering from the consumption tax increase. Imports were 8.7 per cent higher in June, compared to a year earlier, while exports were 12.5 per cent higher.

Most economists believe that underlying trends will keep exports growing, particularly since the yen remains relatively weak. But they do not believe the level will be high enough to spark serious trade friction with the US or other partners.

Mr Richard Jerram of ING Barings in Tokyo said: "The US has indicated that a Japanese surplus of over 2.5 per cent of gross domestic product is unacceptable. In the second quarter, the seasonally adjusted trade surplus was 2.2 per cent of GDP."

BT-MCI rift deepens

Continued from Page 1

executive. The claims that they were aware of the worsening outlook at MCI some months ago will add to the pressure on BT's management.

The company has come under pressure from some institutional shareholders in recent days to try to renegotiate its $29bn acquisition, though the MCI camp has maintained that the terms of the merger agreement do not allow it to reopen talks.

BT believes, however, that if both sides are in agreement, the negotiations could be reopened rather than allowing the deal to founder.

The company has indicated in the past, however, that it was wary about the potential costs of MCI's ambitions to enter the local US telecoms market. Documents filed with the Securities Exchange Commission indicate that during negotiations over the merger, the British company raised this as an issue in its attempt to pay a lower price than MCI was asking for the company.

"It makes it a bit hard for BT to come back seven months later" to try to reopen talks over price, said one arbitrage trader in New York. "If they felt it was such a bad deal, they shouldn't have done it."

Sir Peter said publicly for the first time yesterday that his company was not seeking to force out two senior MCI directors over the US company's weakening financial position. The two - Mr Tim Price, the executive in line to head all of MCI's operations in the US, and Mr Doug Maine, chief financial officer - had earlier been held responsible by some BT executives for the events that led to a profit warning and the sharp fall in its share price last week.

Sir Peter said BT had never asked MCI for the resignation of Mr Price and Mr Maine.

Corruption row fails to halt $8bn aid for Kenya

By Michela Wrong in Mombasa and Michael Holman in London

Western donors gave Kenya aid worth more than $8bn between 1986 and 1995, in spite of evidence during this period of government corruption, a search by the FT revealed yesterday.

Donors have maintained Kenya's status as one of Africa's largest aid recipients, undeterred by two big scandals – one involving a European Union funded power project in 1986, and another a series of financial scams, exposed in 1993 and estimated to have cost the country more than $400m.

The calculation is based on figures collected by the Paris-based Organisation for Economic Co-operation and Development, which monitors aid flows to developing countries.

The disclosure of the scale of assistance is likely to remind donors of their experience with Zaire, where they have been criticised for providing aid despite a 1982 report by the International Monetary Fund saying that corruption was endemic.

It will also provide an early test of Britain's ethically based foreign policy, outlined yesterday by Mr Robin Cook, foreign minister. The UK is one of the leading bilateral donors to Kenya, along with Japan, Denmark, Sweden and the US.

Germany has warned it will suspend aid to Kenya unless President Daniel arap Moi responds to demands to amend the constitution before elections, due by March next year.

The Kenyan government yesterday attempted to defuse unrest in the country by apparently agreeing to opposition demands for constitutional reforms. The move follows recent protests in which at least nine people died.

Opposition leaders responded cautiously to the move, which came as the government entered critical talks with a visiting International Monetary Fund team.

Fund officials are understood to have reinforced last month's warning that the Kenyan government's failure to tackle corruption could lead to the suspension of its $216m loan agreement. They are also looking for signs that human rights concerns will be addressed.

Investor confidence, Page 4
British policy, Page 8

Dublin and London may hold all-Ireland peace referendum

By Jimmy Burns, John Murray Brown and John Kampfner

The British and Irish governments are considering putting the outlines of a Northern Ireland settlement to voters in both the province and the Irish republic next year if multi-party talks fail next week.

"Next Wednesday is D-day," said a senior official yesterday amid growing gloom in Dublin and London at the chances of securing an agreement between the constitutional parties on the details of paramilitary decommissioning.

UK and Irish ministers are to meet today for their first formal session since general elections in both countries.

During more than an hour of talks yesterday, Mr Tony Blair, the British prime minister, failed to convince Mr David Trimble, leader of the Ulster Unionist party, the largest loyalist party, to endorse the governments' formula for combining talks on the arms issue with broader negotiations on a constitutional settlement.

Officials denied London and Dublin had discussed contingency plans – including a referendum – in the event of the talks failing. They noted the difficulty of securing majority support in Northern Ireland for proposals not backed by the main Unionist party.

However, an official added: "Lots of people are thinking along the lines of a popular endorsement of some sort."

Mr Bertie Ahern, Irish prime minister, said: "It all has to be wrapped up, or fail, in the next two weeks, and I think that would be a terrible tragedy."

In what was seen as a coded warning to the parties that they could not hold up progress, he added: "If all of that happened, then of course the two governments have already stated that we would move forward together."

Mr Blair and Ms Mo Mowlam, the British minister responsible for Northern Ireland, have stressed to the constitutional parties – and to Sinn Féin, which will stay outside the talks unless the IRA restores a "credible" ceasefire – that the multi-party talks must end in May 1998.

THE LEX COLUMN

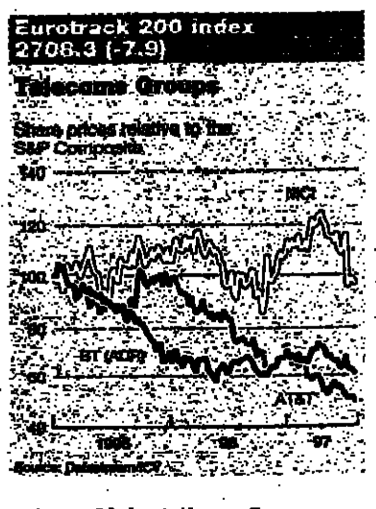
Family ties

That Japan's Matsushita Electric is still run by the Matsushita family is not much of a shock. After all, Toyota is still chaired by a member of the founding Toyoda clan. And Nintendo, Tokyo Gas, the Kumagai Gumi construction group, and soy sauce maker Kikkoman all remain effectively family-controlled. What is surprising is the willingness of a former Matsushita president to criticise hereditary management systems.

Japan needs more of this kind of public censure. Dynastic thinking has undoubtedly contributed to the poor returns earned by industry, with companies' return on capital typically in low single digits. But nepotism is only part of Japan's corporate governance problem. Low levels of profit-related pay and share ownership among managers and limited threat of hostile takeovers mean there is little reason for companies to keep shareholders sweet. At the centre of the problem is the web of cross-shareholdings among affiliated Japanese groups. Depending on the precise definition, between 50 and 75 per cent of all quoted equities are held for "other than investment purposes", according to the Ministry for Trade and Industry.

Unwinding those cross-holdings will be the key to improving corporate governance and thus performance. It will also release huge amounts of capital for reinvestment. But given the current lack of pressure from domestic and foreign shareholders, it will be a painfully slow process.

Eurotrack 200 index
2708.3 (-7.9)



BT/MCI

British Telecommunications has so far made a pig's ear out of dealing with the fall-out from MCI's profit warning. Letting it be known that it wanted the scalps of two of its US partners' top executives was an emotional rather than rational response. Personalising the issue has split BT and MCI into rival camps – raising the prospect of continuing culture clashes if their merger does proceed. In backtracking on the dismissal demand, BT may cool passions. But the U-turn can hardly have strengthened its negotiating position on the more important matter of persuading MCI to cut the price of the deal. The Americans may think they now have BT on the back foot.

Attempts to renegotiate the price have also got off to a false start. Dropping hints that it could seek a cut would have been fine – provided BT had an adequate legal basis from which to press for better terms. The snag is that it may not. Those close to MCI, once described as a law firm with an antenna on the top, have been saying that there is no basis for BT to pull out; and, if it did, it would sue for damages. BT disputes this, but is unwilling to state the exact legal position.

The worry is that BT still does not appear to know whether it has the right to pull out of the deal if MCI refuses to budge on price. Perhaps the legal position is genuinely muddy – something outsiders can only guess since the full contract has not been published. But, if so, it would surely have been sensible to keep quiet until it had more facts. This is a case when President Theodore Roosevelt's adage – "speak softly but carry a big stick" – would have been appropriate.

AT&T

BT can at least take comfort that AT&T, its old rival, is in even more of a mess. The resignation of Mr John Walter, AT&T's president, is just the latest and most dramatic departure from the executive suite. He lost a power struggle with Mr Robert Allen, who concluded Mr Walter was not up to replacing him as chief executive – despite recruiting him with that aim only eight months ago.

The board may be correct to be concerned that Mr Walter lacks "intellectual leadership". But Mr Allen's own record as a strategist over nearly a decade is hardly much to crow about. He was not merely responsible for AT&T's disastrous foray into computers; under his leadership, the US group's reputation as the most admired telecoms services company worldwide has eroded. Partners have been deserting AT&T's international alliance. At home, profits on its core long-distance business are being squeezed and it has failed to crack open the local telecoms market. Mr Allen's latest wheeze – merging with SBC Communications, a big local group – has collapsed.

One problem is that AT&T has changed tack too often: another that external recruits who could help change its bureaucratic culture rarely last. AT&T now finds itself stuck in a strategic dead end.

Emu

The tone may be different, but the bottom line is the same. For all chancellor Gordon Brown's protestations to the contrary, it is all but certain that Britain will not join the first round of monetary union in 1999. Even if it were technically eligible, the criteria Mr Brown sets for participation effectively rule out early entry.

Given the current precarious state of Emu, many would judge that just as well. More important, Mr Brown is at least concentrating on the correct issues. He doffs his cap at the financial criteria required by the Maastricht treaty, but his focus is elsewhere. If Britain is to join Emu, he wants evidence that signing up improves the outlook for investment and financial services. Less currency fluctuation and lower long interest rates should help investment; and belonging to Emu with its deeper financial markets will undoubtedly benefit the City. Mr Brown also wants to be sure that the flexibility would exist to deal with problems. Britain (unlike other nations) should have no concern about labour flexibility. But the stability pact represents a needless constraint on fiscal manoeuvre for all.

The real problem comes with business cycles which are out of sync: a UK base rate of 6¾ per cent compared to Germany's 3 per cent is an eloquent reminder of the dislocation a single European monetary policy would unleash. But if, and it is a big if, the Emu project gets off to a good start, Britain may have no choice but to bite this bullet and join.

Additional Lex on Nationwide building society, Page 31

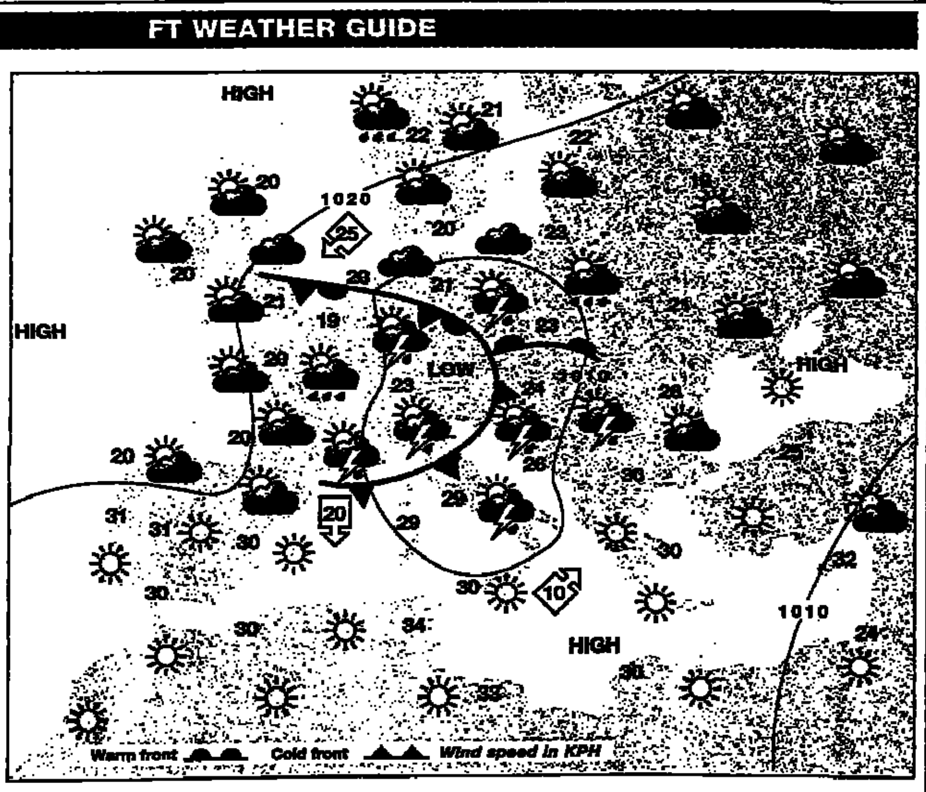
FT WEATHER GUIDE

Europe today

Low pressure centred over eastern Austria will produce plenty of showers in central and western Europe. Some showers will be heavy and prolonged with severe thunderstorms. The worst of the weather is likely to be across the Low Countries, Germany, Alpine regions, the Balkans and Poland. Western France and Scandinavia should have sunny spells and just a few showers. The Mediterranean will be sunny and hot.

Five-day forecast

The Mediterranean should remain mostly hot and sunny although thunderstorms are likely over central Spain, northern Italy and northern Greece over the weekend. Central Europe should stay unsettled and showery with little improvement until Tuesday. North-west Europe and Scandinavia will become more settled and sunnier.



TODAY'S TEMPERATURES

Situation at midday. Temperatures maximum for day. Forecasts by PA WeatherCentre

	Maximum		Beijing	Fair	31	Caracas	Fair	31	Faro	Sun	29	Madrid	Sun	31	Rangoon	Thunder	30
	Celsius		Belfast	Fair	21	Cardiff	Fair	20	Frankfurt	Thunder	20	Majorca	Sun	28	Reykjavik	Cloudy	16
Abu Dhabi	Sun	40	Belgrade	Shower	22	Casablanca	Fair	25	Geneva	Rain	24	Malta	Sun	32	Rio	Fair	30
Accra	Thunder	28	Berlin	Rain	21	Chicago	Cloudy	30	Gibraltar	Sun	30	Manchester	Fair	20	Rome	Fair	29
Algiers	Sun	30	Bermuda	Fair	30	Cologne	Shower	19	Glasgow	Fair	21	Manila	Thunder	35	S. Frsco	Fair	22
Amsterdam	Shower	19	Bogota	Thunder	18	Dakar	Sun	29	Hamburg	Rain	19	Melbourne	Fair	13	Seoul	Fair	32
Athens	Sun	30	Bombay	Thunder	32	Dallas	Sun	36	Helsinki	Sun	21	Mexico City	Thunder	30	Singapore	Thunder	33
Atlanta	Sun	34	Brussels	Shower	18	Delhi	Fair	30	Hong Kong	Thunder	32	Miami	Shower	34	Stockholm	Fair	21
B. Aires	Fair	17	Budapest	Rain	22	Dubai	Sun	41	Honolulu	Fair	32	Milan	Thunder	27	Strasbourg	Shower	20
B.Ham	Fair	20	C.Hagen	Rain	20	Dublin	Fair	21	Istanbul	Sun	26	Montreal	Fair	27	Sydney	Shower	14
Bangkok	Thunder	35	Cairo	Sun	30	Dubrovnik	Cloudy	25	Jakarta	Fair	31	Moscow	Shower	19	Tangier	Sun	28
Barcelona	Sun	26	Cape Town	Shower	18	Edinburgh	Fair	19	Jersey	Fair	17	Munich	Rain	25	Tel Aviv	Sun	31
									Karachi	Fair	37	Nairobi	Fair	23	Tokyo	Fair	29
									Kuwait	Sun	45	Naples	Fair	27	Toronto	Shower	28
									L. Angeles	Sun	27	Nassau	Thunder	33	Vancouver	Fair	21
									Las Palmas	Fair	27	New York	Sun	32	Venice	Thunder	25
									Lima	Cloudy	25	Nice	Fair	29	Vienna	Rain	18
									Lisbon	Sun	31	Nicosia	Sun	32	Warsaw	Thunder	23
									London	Shower	21	Oslo	Fair	22	Washington	Sun	35
									Lux.Bourg	Shower	18	Paris	Cloudy	20	Wellington	Shower	11
									Lyon	Thunder	24	Perth	Sun	19	Winnipeg	Shower	26
									Madeira	Cloudy	24	Prague	Thunder	20	Zurich	Shower	18

FINANCIAL TIMES
COMPANIES & MARKETS
©THE FINANCIAL TIMES LIMITED 1997
Friday July 18 1997
Week 29

IN BRIEF

SGS-Thomson chip profits slide

Shares in SGS-Thomson Microelectronics fell sharply after the Franco-Italian semiconductor manufacturer announced a 48 per cent fall in first-half income to $182.6m. Mr Pasquale Pistorio, president and chief executive, said a "new positive cycle" for the industry would start in the final quarter. Page 28

Nestlé's growth target in doubt
Nestlé, the world's biggest food company, looks likely to miss its long-term target of 4 per cent growth in sales this year. Although first-half sales were up 17 per cent at SFr33.5bn ($22.6bn), most of the gain was due to favourable exchange rates. Page 28

British Steel buys back 5% of shares
British Steel bought back almost 5 per cent of its shares for £144m ($240.5m) in an effort to strengthen its flagging share price. The group paid 155p each for the 93m shares. Page 30

Bankers Trust, Salomon beat forecasts
Bankers Trust and Salomon, the US investment banking houses, reported stronger-than-expected second-quarter results, confirming that revenues had rebounded strongly. Page 27

Strikers at Bezeq reject peace deal
Workers at Bezeq, Israel's state-owned telecommunications company, threatened to step up their four-day strike in protest over the government's sale of a stake in the operator. Page 28

Merck profits up 19% in second quarter
Merck, the US pharmaceuticals company, reported a 19 per cent increase in net income to $1.15bn for the second quarter. Sales were up 20 per cent at $5.9bn. Page 27

Thai Airways to sell 250m shares
Thai Airways, the country's state-owned flag carrier, plans to sell 250m shares to the public by the end of the year. The sale would reduce the government's stake to 76 per cent. Page 29

Companies in this issue

Market Statistics

http://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)			**PARIS (FFr)**		
Rises			**Rises**		
Karstadt	694	+ 31	Thomson CSF	168.1	+ 8.5
Klockner Werke	138.4	+ 7.1	Union Immob Fr	413.3	+ 15.3
Falls			**Falls**		
Mannheim Vers	1050	- 90	Club Med	420.1	- 22.6
PWA	305	- 12	Havas	404.2	- 18.8
Varta	302	- 18	Promodes	2581	- 118
Volkswagen Pf	1042	- 32	Valeo	380.5	- 12.6
NEW YORK ($)			**TOKYO (Yen)**		
Rises			**Rises**		
Acuson Corp	23⅛	+ 3	Furukawa El	800	+ 42
Lasalle Partner	28¾	+ 5¾	Long Term Cred	575	+ 88
Louisiana Land	65⅞	+ 8⅛	Mitsui Tr & Bk	820	+ 34
Raychem Corp	92⅛	+ 15¼	Nikko Sec	725	+ 31
Falls			**Falls**		
Metromail	20¼	- 4	Daikyo Inc	345	- 30
Swisher Intl	15¼	- 2¼	Tokyo Car	351	- 21
LONDON (Pence)			**HONG KONG (HK$)**		
Rises			**Rises**		
Drew Scientific	117	+ 12	CDL Hotels	4.0	+ 0.2
LPA	61	+ 6	Chen Hsong	4.40	+ 0.25
Falls			HSBC Hlds (S)	279	+ 16
Elan	1022½	- 27	Hopewell	5.3	+ 0.4
Plasmon	58½	- 34	New World Dev	47.9	+ 1.8
SkyPharma	76½	- 12	**Falls**		
Telecine	29¼	- 8	Sino Land	7.25	- 0.20
TORONTO (C$)			**BANGKOK (Baht)**		
Rises			**Rises**		
Gulfstream	12.7	+ 1.5	Dhana Siam	38.50	+ 3.25
Hummingbird	50.1	+ 4.2	Krungthai Th	38.5	+ 3.5
Sears Canada	21.8	+ 1.8	Securities One	41.25	+ 3.75
Falls			Utd Palm Oil	27.5	+ 2.5
Can Sth Pet	14.25	- 1.50	**Falls**		
Golden Queen	1.5	- 0.5	Foremost	85	- 9
Semi Tech B	3.5	- 0.5	Kulthorn Kirby	42.0	- 4.5

New York and Toronto prices at 12.30.

Acquisition of rights to songs by pop star Sting follows Motown purchase

EMI in £20m publishing deal

By Alice Rawsthorn in London

Sting, the pop singer who is so wealthy that he claimed not to have noticed when his accountant embezzled £6m of his money, has sold the global publishing rights to his songs to the EMI Group for £20m ($33.4m).

The deal, which covers all his compositions starting with his late 1970s hits for his group The Police such as *Roxanne* and *Message In A Bottle*, comes a fortnight after EMI, the world's largest music publisher, paid $132m for 50 per cent of the publishing business linked to Motown Records, the US soul label.

Mr Peter Reichardt, senior vice-president of international acquisitions for EMI Music Publishing, said it was "purely coincidental" that the group had clinched two big acquisitions in swift succession.

EMI, he said, had spent four months in negotiations with Sting, who has a long-standing recording contract with PolyGram, the Dutch entertainment group. He described Sting, who has sold 63m records in his 20-year career, as "a great songwriter with a great voice and a fantastic following".

The sale of Sting's publishing catalogue highlights the dynamism of music publishing, one of the most profitable sectors of the music industry.

Music publishing, which is dominated by multinational record companies such as EMI, Sony and PolyGram, involves collecting fees or royalties whenever songs are performed, broadcast, or used in films, television programmes and advertisements.

Demand for publishing rights has risen rapidly in recent years as the television and advertising markets have expanded, enabling music publishers to demand higher fees for the use of their songs.

Sting, 45, a former teacher whose real name is Gordon Sumner, is one of the few rock stars lucky enough to own his publishing rights.

He signed a publishing deal with Virgin Records in 1977, but won control of his catalogue in 1982 in an out-of-court settlement after he objected to a Police hit, *Don't Stand So Close To Me*, being sold for use in a deodorant commercial.

Sting then formed Magnetic Music, a private company to administer his publishing rights. It struck *ad hoc* deals with larger publishers in various countries, until Sting decided to consolidate the management of his catalogue under EMI.

The EMI deal, which will last until Sting has released five more albums, coincides with an unexpected fillip in his publishing fortunes.

One of the best-selling singles of 1997 is Puff Daddy and Faith Evans' *I'll Be Missing You*, a tribute to Notorious B.I.G., the late rap star, which is based on *Every Breath You Take*, a Sting hit for The Police. The single has already sold 5m copies worldwide.


Sting: selling rights for £20m

Rounding up in the bull markets

Philip Coggan asks how long worldwide low inflation and interest rates can continue

Numerologists have reached Nirvana. With the Dow Jones Industrial Average passing 8,000, the DAX in Frankfurt racing past 4,000, the CAC 40 in Paris touching 3,000 and London's FTSE 100 index within sight of 5,000, it is raining round numbers.

Stock markets show no sign of losing the momentum that has carried the FT/S&P World (ex-Japan) index up 77.8 per cent, in dollar terms, since the start of 1995. After each peak, some bears have been rash enough to call an end to the bull market – and have been repeatedly disappointed.

Even Italy joined in the fun yesterday, with the Mibtel index finally surpassing the all-time high it set back in 1986. However, most European markets succumbed to profit-taking, with the FTSE 100 index touching an all-time intra-day peak of 4,993.0 before slipping back to close 15.2 points down at 4,949.0.

The fuel behind the worldwide rise in share prices lies in the combination of low inflation and interest rates. Since 1982, albeit with a blip in the late 1980s, there has been a steady decline in inflation allowing rates to fall at both the short and long end.

The result has been a revival of confidence in financial assets. Back in the 1970s, investors' faith in bonds and shares was dented by the ravages of the inflationary era; they preferred real assets such as gold. But gold has lost its popularity and central banks are switching their reserves from the yellow metal into US Treasury bonds.

Economists argue about the causes of low inflation, and whether the trend can last. But as the US economy enjoys its sixth successive year of growth without any sign of inflationary pressure, investors are leaping head first into the stock market.

There was a brief wobble when the US Federal Reserve raised interest rates in March, but each meeting since has passed without any further monetary tightening.

Low interest rates reduce corporate costs and increase the theoretical value of shares, which is based on the discounted value of future dividends. The lower the discount (interest) rate applied, the greater the value of shares.

Currencies	Page 33
London stocks	Page 40
World stocks	Page 44

At the same time, low rates force private investors who have relied on cash deposits and bonds to look elsewhere. This has been noticeable for years in the US, where small investors have been piling into mutual funds through personal pension plans.

The trend is also occuring in Europe, where traditionally cautious private investors are moving into the stock market – flows into mutual funds led to record levels in European investment funds in the first months of 1997.

This wave of liquidity is carrying all before it. Institutional investors are caught up in the euphoria. Those who become cautious and cash in their profits are forced back into the market when share prices continue to race ahead.

The fundamentals are also improving. In the US, the long weakness of the dollar in the late 1980s and early 1990s provided the leeway for industry to restructure itself and restore its competitive edge; in some industries, such as software and the media, the US leads the world.

Europe is showing signs of following the American lead, with companies across the Continent showing an interest in "shareholder value". Industry is restructuring in an attempt to cut costs and there are signs that some of the less shareholder-friendly corporate habits – incestuous cross-holdings and sprawling conglomerates with opaque accounts – are falling from favour.

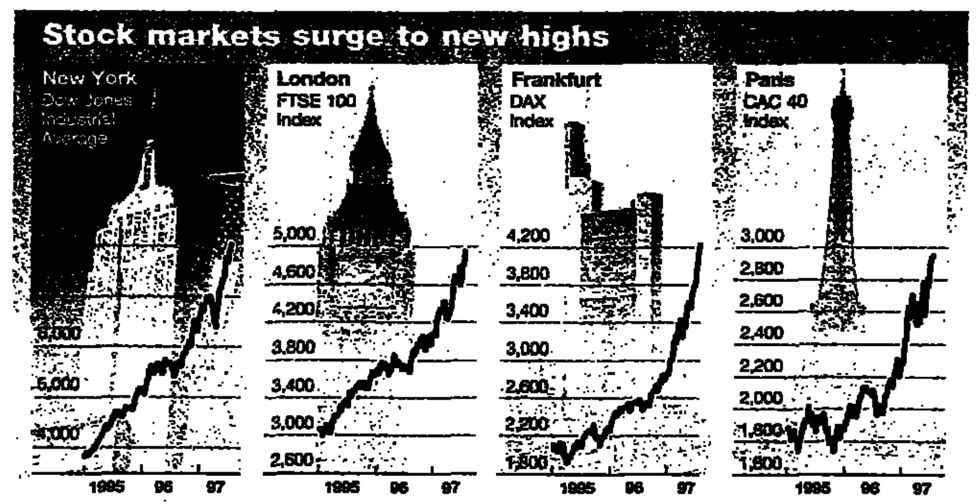
As Europe prepares for economic and monetary union, investors have decided that the single currency will be broadly based and weak. This has prompted European currencies to fall against the dollar, boosting exporters across the Continent and helping to revive economic growth.

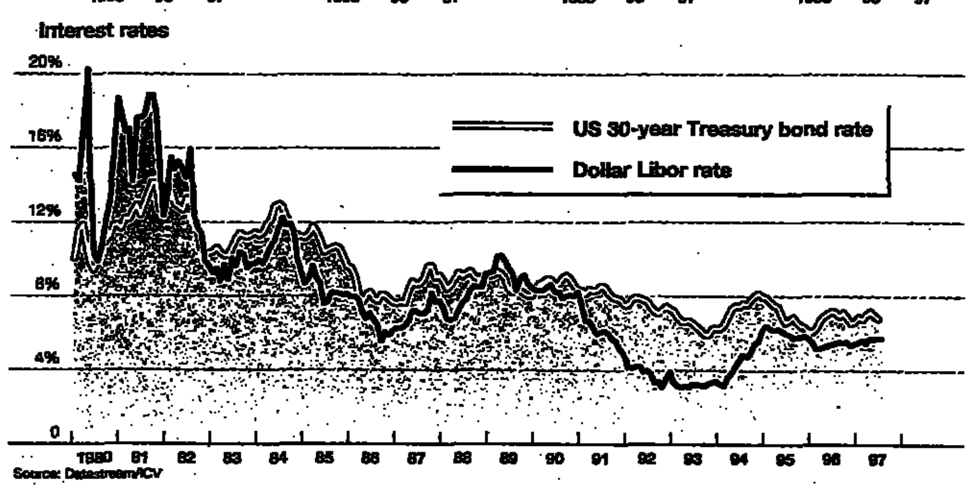
A few areas have been left behind by the global bull market. Japan's stock market still languishes at just over half its 1989 levels, as the economy and financial system struggles to recover from the "bubble" era of the late 1980s.

Some Asian markets have also struggled, as growth has slowed and governments have grappled with trade deficits and overvalued currencies.

But most investors are sitting pretty and looking forward to the next target – 10,000 on the Dow is being seriously discussed. Many markets look historically expensive in terms of measures such as dividend yields and price-earnings ratios, but this does not appear to deter share buyers.

The tenth anniversary of the 1987 crash is approaching – the London market peaked on July 16 that year. However, there is no sign of the news – a rebound in inflation or plunge into recession – that could provoke a repeat performance. A political crisis, such as a war or disruption to oil supplies, might do the it. But for the moment such thoughts are far from investors' minds. The motto of the markets is "Don't worry, be happy".





Source: Datastream/ICV

Ex-Matsushita boss hits out at nepotism in Japan

By Bethan Hutton in Tokyo

The influence of founders' families and ageing directors in large quoted Japanese companies has been challenged by a former president of Matsushita Electric, the leading consumer electronics manufacturer.

Mr Toshihiko Yamashita, who was president of Matsushita between 1977 and 1986 and remains a corporate adviser to the company, said it was "strange" that Mr Masayuki Matsushita was appointed company vice-president last year simply because he was the founder's grandson. Mr Yamashita added that it might be time for the chairman, Mr Masaharu Matsushita, who is over 80, to retire.

Mr Yamashita's apparently off-the-cuff remarks to journalists at a party this week have been interpreted as criticism of the hereditary management system in place at many Japanese companies. Mr Matsushita's appointment to the vice-presidency is seen as an indication that he will take the top job in due course.

A surprising number of large, listed Japanese companies still have founding family members in senior positions. Among them are Tokyo Gas and Shionogi, the pharmaceuticals company.

Attitudes to management and corporate governance are changing but senior appointments are not yet subject to much shareholder influence.

Mr James Abegglen, a Tokyo-based management consultant, was surprised that there had not been protests before, but said that managers in Japan generally have less power than their equivalents at western companies.

One unusual aspect of the Japanese system is that if there is no suitable male heir for a family-run business, a daughter is often married to a promising young man, usually an employee of the company, who adopts his father-in-law's name and is groomed for the succession. This was the case with Mr Masaharu Matsushita, the current chairman.

This approach combines a degree of meritocracy with the hereditary principle – only well-qualified bright sparks will be considered as potential sons-in-law and successors.

Lex, Page 24

Nomura commissions plunge

By Gillian Tett in Tokyo

Brokerage commissions at Nomura, Japan's largest securities company, have plunged in the aftermath of the recent scandal surrounding the group's links with corporate racketeers known as the *sokaiya*.

Nomura's results for the first quarter, published yesterday, show revenues from commissions fell by 36.9 per cent to Y53.6bn ($463m) in the three months to June 30.

Brokerage commission revenues dropped by 38.2 per cent in the same period.

Pre-tax profits dipped to Y34.9bn in the first quarter, compared with Y36.4bn in the same period of last year.

The decline is widely believed to reflect the recent scandal over Nomura's financial links with the racketeers who traditionally demand payments for not revealing sensitive information about their targeted companies.

The scandal which erupted in March, has led to a swathe of corporate clients cutting ties with the company.

Nomura is also expected to face a large penalty from the government over the scandal in the coming weeks.

Nomura's biggest Japanese competitors, which have also reported first-quarter figures, have failed to take advantage of its declining commissions.

Profits at Daiwa fell to Y15.3bn from Y25.18bn, with commission income down by 22.6 per cent. Nikko, which produced quarterly data for the first time yesterday, reported a pre-tax loss of Y1.93bn against a Y19.2bn profit in the previous year.

Mr David Richards of Goldman Sachs said: "Nomura is being knocked by the scandal, but less than some people had expected – and it does not look as if Daiwa is reaping the benefit that people thought it might."

The results also suggest the trading environment for Nomura is becoming increasingly difficult ahead of the Japanese government's plans for a "Big Bang" financial deregulation. In particular, there are growing signs that foreign securities houses may be making inroads into the Japanese market.

McDonald's held back by competition

By Tracy Corrigan in New York

Second-quarter results from McDonald's, the fast food business, yesterday highlighted its continuing difficulties in the US market.

Net income of $438.2m was 4 per cent higher than for the same period of 1996, on sales of $8.5bn, up 7 per cent.

A 7 per cent rise in net income per share of $0.63 was in line with analysts' estimates. The company repurchased $500m of common stock during the first six months.

US revenues, however, fell 3 per cent in the second quarter, in spite of a 3 per cent increase in sales. The company attributed the disparity to the increase in the number of US franchised and affiliated restaurants while the number of company-operated restaurants decreased.

According to analysts, McDonald's is facing stiff competition in the US market from Wendy's and Burger King. A market survey for trade magazine Marketing News showed that 37 per cent of consumers named Wendy's as their favourite burger restaurant, 21 per cent chose Burger King, and 23 per cent named McDonald's.

The company described the results of its 55 cent burger promotion in the US market, which was recently withdrawn, as disappointing.

Last week, McDonald's announced a reorganisation of its US operations, splitting the company into five geographical regions.

"The goal of this reorganisation is performance improvement, not cost-reduction," Mr Jack Greenberg, chairman and chief executive officer of US operations, said yesterday. "I remain very optimistic about our long-term opportunities to grow profitably in the domestic market place."

Sales outside the US rose 11 per cent, or 18 per cent excluding foreign currency factors. McDonald's added 761 restaurants in the first six months of the year, of which nearly 90 per cent were outside the US.

Mr Michael Quinlan, chairman and chief executive, said yesterday: "Based on input from local management, we have refined our plans and expect to add about 2,400 restaurants globally in 1997, with greater emphasis on full-size traditional restaurants compared with 1996."

About 80 per cent of these openings would be outside the US, he said.

McDonald's said that in its seven largest international markets, McDonald's transactions per capita average just over one-third the level reached in the US.

McDonald's shares were slightly higher by early afternoon at $60⅜, up $⅝ in a mixed stock market.

Succession has an uncertain ring

AT&T has an apparently appealing vacancy that it may find rather hard to fill

It should not, on the face of it, be too hard a job to fill. The biggest US telephone company and one of the country's best-known household names, AT&T has long been one of the giants of US industry.

It still carries more than half of all long-distance telephone calls – it was excluded from local calling on the break-up of the old Bell system in 1984 – and is by far the biggest operator of wireless systems.

Potential future chief executive officers would surely be lining up around the block. After all, the last person to fill the job was awarded a signing-on bonus of $5m, plus another $25.8m to replace the benefits and earnings he might have received in his old job – not to mention the $750,000 in actual salary for just nine months' work.

But as AT&T set out yesterday on its second search for a chief executive in less than a year, this did not look an easy job to fill.

The loss of two presidents in rapid succession, and an increasingly hostile business and regulatory climate has turned this into one of the most difficult job vacancies around.

At the root of AT&T's problems lies the failure of a succession strategy masterminded by Mr Robert Allen, chairman and present chief executive. It is Mr Allen, 62, who presided over last summer's search for a new number two and heir apparent, after the incumbent, Mr Alex Mandl, quit to run a smaller company.

While AT&T wanted a successor, though, Mr Allen was not ready to give up the reins at a company he has led for more than a decade.

The result: an uncomfortable compromise in which Mr John Walter, former head of printing company R R Donnelly, was named president and chief operating officer.

Mr Walter lost no time telling people he had come to AT&T to become its next chief executive.

Mr Allen, though, never offered strong public support for Mr Walter's claims of succession. As early as April, it now turns out, the AT&T chairman was raising doubts about his supposed heir apparent's abilities to the company's non-executive directors – shortly after an analysts' meeting at which Mr Walter failed to convince Wall Street of his plans to transform the company.

After three months of growing concerns, and on Mr Allen's recommendation, the company's board told Mr Walter on Wednesday that he would not get the top job in January, triggering his departure.

With hindsight, the search conducted by Mr Allen seems to have been deeply flawed. AT&T declined to give specific reasons about why it thought Mr Walter was not up to the job, although Mr Walter Elisha, the non-executive director who heads a board committee which reviews director performance, said he appeared to lack "the intellectual leadership" the company needed as it faced great technological and regulatory change.

Robert Allen (left) raised doubts as early as April about John Walter's abilities

Yet it was Mr Walter's operating skills, not his vision, that led AT&T to appoint him in the first place.

At the bottom of AT&T's difficulties may have been its decision to appoint someone to play second fiddle to Mr Allen.

"The most unsuccessful searches I have ever had are for guys to become number two with a promise of being number one later on," says Mr Ross Brown, of executive search firm Egon Zehnder. People with clear leadership skills and a record as a chief executive at another company do not want such a position, he argues.

This time, things are being handled very differently. Mr Elisha is one of several non-executives on the search committee who will look both inside and outside for a successor to Mr Allen – effectively taking control of the process from Mr Allen.

Also, there will be no apprenticeship period the next time around, Mr Elisha indicated: the aim would be to find a chief executive straight away, without expecting the newcomer to serve as president first.

This should make it easier to attract a big-name chief executive to the company, though there are still many reasons to be cautious.

AT&T, along with the Baby Bell companies to which it used to be joined, "have a very strong immune system that rejects outsiders", says Ms Anna-Maria Kovacs, an analyst at Janney Montgomery Scott.

Highly-regarded outsiders whose careers have failed to take root in the former Bell system companies include Mr Mandl at AT&T and Mr John Edwardson, now chief operating officer at United Airlines. Such considerations should help the cause of Mr John Zeglis, the AT&T general counsel who this week has taken on Mr Walter's operating responsibilities.

This has not dampened a new outbreak of speculation that another outsider will be brought in. Names high on the list have included Mr George Fisher, chairman of Eastman Kodak and an AT&T non-executive director. Significantly, Mr Fisher has not been named to the search committee, leaving him open as a potential successor.

Also talked about on Wall Street yesterday are highly regarded telecoms executives who do not come from the Bell system: Mr Brian Thompson, who has turned round long-distance carrier LCI, for instance, or Mr Jim Crowe, who has just left MFS after merging his successful telecoms company with WorldCom.

Then there are former AT&T executives who have made their careers elsewhere: Mr Jim Barksdale, for instance, chairman of Netscape, or even Mr Mandl himself.

Richard Waters

Lucent in $1.8bn voice mail purchase

By Louise Kehoe in San Francisco

Lucent Technologies, the communications equipment group spun off last year by AT&T, is to acquire Octel Communications, a leading supplier of voice mail systems, for $1.8bn in cash, or $31 a share.

The acquisition would enable Lucent to enter the rapidly-growing market for equipment used in the voice mail systems used by businesses and provided to consumers by telephone and cellular telephone companies, said Mr Rich McGinn, Lucent president.

The deal also puts Lucent in the forefront of the market for "unified messaging systems" which combine voice mail, facsimile and electronic mail.

Octel also has a fast-growing outsourcing business that provides voice mail services to telephone companies and other businesses.

Mr Robert Cohn, Octel Communications founder, chairman and chief executive, will join Lucent's senior executive team as president of a new messaging unit. It will combine Octel's operations with Lucent's existing messaging business creating an operation with annual revenues of more than $1bn.

The total messaging market is currently worth more than $5bn annually and is expected to double to $10bn by 2000, according to market research estimates.

Lucent said the acquisition would result in a non-cash charge against earnings in the fourth quarter. While not specifying the amount, Lucent expected the charge to have a significant effect on net earnings for the quarter and year.

The terms of the acquisition represent a premium of about 17 per cent over Octel's closing price on Wednesday.

AMERICAS NEWS DIGEST

IBM, Gemplus in smartcard deal

International Business Machines and Gemplus, the French plastic card and smartcard producer, agreed yesterday to co-operate in the provision of smartcard-based business solutions. The agreement, signed in Paris yesterday, marks a further important step towards establishing smartcards – plastic cards with a built-in microprocessor chip – as a mainstream technology for a range of applications including electronic transactions, travel and the provision of government services.

Gemplus claims to be the world's largest provider of smartcards, while IBM has considerable systems capabilities and expertise. Their partnership is expected to lead to a faster uptake of smartcards, particularly in the US which has lagged behind Europe in this area.

The agreement covers joint marketing, sales and development efforts in the fast-growing smartcard market which some analysts expect to grow from being worth $1bn currently to about $20bn by 2000-2001. It is estimated there would be between 2.5bn and 3bn smartcards in use by the end of the decade.

The latest agreement comes just a few months after Motorola, another smartcard chip maker, announced it was setting up a dedicated smartcard business division.

Paul Taylor

■ TELECOMMUNICATIONS

Charge helps hold Sprint back

Sprint, the US telecoms operator, said its second-quarter results were driven by a double-digit growth rate in long-distance call volumes and a local access line growth rate at the top of the industry.

Sprint said it had net income of $256m, or 59 cents a share, after a litigation settlement charge of $20m before tax, or 3 cents after tax, compared with $317m, or 73 cents, in the second quarter of 1996.

The First Call consensus estimate for the second quarter was for earnings of 63 cents a share. The company posted a 5.8 per cent increase in revenues to $3.68bn from $3.48bn in the second quarter. *Reuters, Kansas City*

■ GLASS COMPOSITES

Owens Corning slips in term

Owens Corning, the glass composites and building materials maker, said yesterday it expected to surpass in 1998 the $5bn sales target it had set for itself for the year 2000. The company reported a profit of $1.11 per diluted share for the second quarter, compared with $1.25 excluding special charges for the same period last year. It said it foresaw 1997 earnings to be "on the low side" of a previously-discussed range of $4.50-$4.75 a share.

"While we expect volume growth to continue in both building materials and composites, pricing pressures will continue to exceed the contribution of our aggressive productivity programmes in the near term," it said.

The company added that it nevertheless saw a "positive impact" on fourth-quarter earnings from a recent increase in composites pricing. "In addition, our aggressive productivity initiatives are driving substantial cost improvements, led by the insulation business," it said. "We expect productivity of 7 per cent in the second half of this year."

Owens Corning said sales in the building materials business increased 8 per cent over the year-ago quarter, while income from operations was up 4 per cent.

Reuters, Ohio

■ GRAIN

Go-ahead for UGG-ADM deal

United Grain Growers said its shareholders approved a deal in which Archer Daniels Midland Co will acquire a 45 per cent stake in Canada's second largest grain handler for C$113m (US$82.28m). Mr Ted Allen, UGG chairman, told a special shareholders' meeting that stockholders representing 5.2m shares approved the deal, with 4m votes against. In a deal announced on May 29, ADM agreed to acquire the UGG stake at C$16 a share.

Alberta Wheat Pool and Manitoba Pool Elevators, which own a total of 14.98 per cent of UGG's outstanding limited common voting shares, had previously launched a C$13.75 a share hostile bid for UGG. But they withdrew their offer in March after a Manitoba court ruled UGG's poison pill plan was valid. *Reuters, Winnipeg*

Corimon finds support among shareholders

By Raymond Colitt in Caracas

The future of Corporaciones Industrias Montana (Corimon), the troubled Venezuelan conglomerate, appears to have been secured by the emergence of a new group of controlling shareholders opposed to a wholesale break-up of the company.

Mr Carlos Gill, director of the local Interbank, who claims recently to have acquired more than a 20 per cent stake in Corimon on behalf of domestic and foreign investors, said that he had come to an agreement with the main shareholders to ensure the company's continued operations.

The group's main activities cover paints, packaging and retailing.

One indication of continuity, Mr Gill said, was that Mr Francisco Layrisse, Corimon president, is likely to be confirmed as chief executive at a shareholders' meeting on July 21.

"Corimon is an important industrial platform in Venezuela and is set for important growth," Mr Gill said in an interview with the Financial Times. "Its rapid recovery is an indication of the company's strength," he said.

The group last month reported a return to net profits of 3.47bn bolivars ($7.1m) in 1996-97, compared with a 105.7bn bolivars loss the previous year. Mr Gill added that Corimon's capital to debt, and capital to asset ratios were now among the strongest of any business in Venezuela.

However, Mr Gill said he was in favour of spinning off the petrochemical division. "With the opening of the [country's] petrochemical sector to foreign competition, it would be difficult to compete there," he said.

The group ran into financial problems in late-1994 following a failed expansion plan, and was close to bankruptcy last year. Its ADRs were suspended on the New York Stock Exchange in February last year because of reporting violations.

As a former creditor of Corimon, Mr Gill first acquired about 7 per cent of the company following a debt-for-equity swap earlier this year, which formed part of Corimon's recovery plan.

Three other principal stockholders have emerged, according to Mr Gill. He said they were Activalores, the brokerage house, with an estimated 18 per cent share; Confederación Neumann, the original owner with 10-12 per cent, and a group led by Mr Eduardo Gómez Sigala, director of Banco Provincial and of the food and beverage group Empresas Polar. Mr Gómez is said to have acquired a 20 per cent share.

Shareholders next week will also vote on a proposal to consolidate Corimon's shares by converting its preferred class B shares into common class A shares.

The consolidation is seen as a prerequisite for Corimon's ADRs to resume trading on the NYSE.

Louisiana Land and Burlington Resources to join forces in tax-free pooling of assets

US oil groups agree $3bn merger deal

By Christopher Parkes in Los Angeles

Shares in US oil and gas group Louisiana Land and Exploration jumped 17 per cent yesterday on news that it is to merge with Burlington Resources in an all-share deal valued at $3bn.

The link, which is designed as a tax-free pooling of assets, and is expected to be completed in about three months, marks a further stage in the steady consolidation of the US oil and gas industry.

Mr Bobby Shakouls, Burlington chairman and chief executive, said yesterday he was still on the look-out for further acquisitions. Even after assuming $600m of LL&E debt, his company had a relatively low debt to capitalisation ratio of 40 per cent, and was well-placed for future cash or stock deals, he said.

Independents such as LL&E and Burlington are tending to come together to better resist competitive pressure from larger, integrated groups which are pooling refining and marketing and other downstream assets and sharpening their focus on exploration and production.

Pennzoil and Conoco, for example, earlier this week agreed to pool their speciality petroleum products businesses in a 50:50 joint venture to be called Penreco.

The enlarged Burlington group, which will continue to be headed by Mr Shakouls, will have an estimated 7,700bn cu ft of natural gas reserves, making it the biggest US independent by this measure.

The merger would have an immediate positive effect on cash flow, and allowed for "substantial savings", the companies said.

Although analysts said Burlington was paying a hefty premium for LL&E's assets, and the buyer's shares slipped marginally on the news, the merger was viewed favourably as a good strategic fit.

Burlington, hitherto confined mainly to the US, will gain access to LL&E's operations in the UK sector of the North Sea, Algeria and Indonesia.

The combined group will also have substantial holdings in the Gulf of Mexico.

Bankers Trust, Salomon beat expectations

By Tracy Corrigan in New York

Bankers Trust and Salomon yesterday reported stronger-than-expected second quarter results, confirming that investment banking and trading revenues bounced back strongly after difficult market conditions held back performance in April.

Driven by a 23 per cent surge in revenues, Bankers Trust reported net income for the second quarter of $181m, exceeding last year's net income of $151m and the first quarter's $169m. Earnings per share of $2.07 beat analysts' estimates of $1.93. Return on equity rose to 15.2 per cent compared with 12.9 per cent a year ago.

Mr Raphael Solfer, financial services analyst at Brown Brothers Harriman, said that Bankers Trust's earnings were reminiscent of its performance prior to its 1994 derivatives scandal, which caused the bank to sink into losses for a time.

Trading and trading-related net interest revenues rose to $430m, from $210m a year ago, fuelled by a rebound in the risk management services business.

"The pieces are coming into place business by business," said Mr Richard Daniel, Bankers Trust chief financial officer. "The company is feeling good about itself – and this is before we even get the benefits of the Alex. Brown merger."

Shareholders are expected to approve the bank's merger with Baltimore-based investment bank Alex. Brown on August 13, and the deal is expected to be completed in early autumn.

Alex. Brown's second-quarter earnings, also announced yesterday, fell to $31.6m, from $49.8m a year ago. Investment banking revenues slid 29 per cent due to weaker underwriting business in the second quarter, as its business in initial public offerings suffered from volatile market conditions.

Salomon reported net income of $220m, compared with income from continuing operations of $298m a year ago, but above the first quarter's $173m. Earnings per share of $1.77 were substantially above analysts' estimates of $1.35.

Commodities trading, which produced net revenues of $91m in the second quarter compared with a loss of $18m a years ago, improved despite the weakness in the oil price.

Investment banking revenues were $221m, virtually unchanged from the previous quarter but down from last year's record.

Mr Robert Denham, chairman and chief executive officer, described the performance as "very solid", producing a return on equity of 17 per cent.

Apple up on news of reduced deficit

By Louise Kehoe in San Francisco

Apple Computer's shares moved higher yesterday on news of narrower than expected third quarter losses, reported after the close of trading on Wednesday.

The stock was trading at $17\frac{7}{8}$ in mid-session yesterday, up $1 from Wednesday's close.

The net loss for the quarter ended June 27 was $56m, or 44 cents a share, against a net loss of $708m, or $5.64, in the third quarter of 1996, after restructuring charges.

Wall Street analysts had predicted losses of $70m-$100m in the wake of last week's resignation of Mr Gil Amelio, Apple chairman and chief executive.

Apple still faces serious problems, analysts said, noting that revenues declined in the third quarter to $1.7bn, down 23 per cent from $2.2bn last time.

The outlook for revenue growth was uncertain, said Mr Fred Anderson, chief financial officer. He also confirmed earlier hints that Apple did not expect to return to profitability in the fourth quarter.

Apple was not seeking a buyer, Mr Anderson said, and had not been approached by any interested parties.

Product launches help lift Merck 19%

By Tracy Corrigan in New York

Merck shares climbed $6\frac{5}{8}$ to $105 yesterday after the pharmaceuticals company reported a healthy 19 per cent increase in net income to $1.15bn for the second quarter. Sales of $5.9bn were 20 per cent higher than the previous year.

"Sales growth continued to be led by established, major products, recent product introductions and the Merck-Medco Managed Care business," said Mr Raymond Gilmartin, chairman and chief executive officer.

Analysts said Merck's performance looked strong in comparison with less impressive results this week from Pfizer and Johnson & Johnson. Merck's earnings per share of $0.96 were in line with analysts' estimates.

"It's a good quarter," said Mr Mario Corso, an analyst at Rodman & Renshaw, noting that a number of products launched in the last 12 months or so were "all accelerating quite nicely".

For example, Crixivan, Merck's protease inhibitor for the treatment of HIV infection in adults, holds about half the US market, less than a year after it gained approval for marketing in the US.

Zocor, Merck's anticholestorol drug which has faced fresh competition from Warner-Lambert's Lipitor, still holds a 40 per cent share worldwide of a market which is growing by 20 per cent a year in important areas, the company said. However, it will face further competition from Bayer's Cervastatin later this year.

Competitive threats in this and other areas, such as the anti-hypertensive market, are "placing a greater burden of growth on Merck's next wave of new product introductions", according to Mr Kenneth Kulju, pharmaceuticals analyst at UBS Securities.

Among promising products due to be launched in 1998 are Propecia, its treatment for male pattern baldness.

Analysts said it was proving more effective than Pharmacia & Upjohn's Rogaine and should win substantial market share.

Also in the pipeline are Maxalt, a new anti-migraine drug, and Singulair, a once-daily asthma drug.

Raymond Gilmartin: new products helped fuel the advance

● Shares in Astra, the Swedish pharmaceuticals group, fell sharply as investors reacted to slower-than-expected growth in US sales of Losec, the anti-ulcer agent which is the world's biggest-selling prescription drug, Greg McIvor adds from Stockholm. Losec is sold in the US through a joint venture with Merck.

Astra's most-traded A shares slid SKr9.50 before rallying to close down SKr6 at SKr151, a fall of 3.8 per cent.

Losec's sales in the US rose 28 per cent in the first half, compared with growth of 33 per cent at the same stage last year.

Coca-Cola upbeat as profits rise 25% in second quarter

Coca-Cola, the US soft drinks company, is "poised for a year of unusually strong growth," Mr Roberto Goizueta, chairman, said in Atlanta yesterday, write our New York Staff.

The rise in worldwide shipments, measured in gallons, accelerated to 9 per cent in the second quarter, with the fastest growth coming outside the US.

Volume increases were especially marked in the Latin America region and in Asia, with gains in case sales of 28 per cent in China and 19 per cent in the Philippines.

The only weak spot was Germany, where a difficult economic environment led to a 4 per cent decline in unit case volumes.

Net income in the second three months rose 25 per cent, to $1.31bn, or 53 cents a share. As anticipated, the figures include an after tax gain of $200m from the sale of the group's stake in Coca-Cola Bottlers Philippines to Coca-Cola Amatil, the Australian bottler.

Net income per share for the half year was 31 per cent higher at 93 cents.

Mr Goizueta said the group had been taking bold steps to strengthen its global system, announcing more than $7bn in transactions in the half year.

The sale of bottling operations in France, Belgium and east Germany had reduced revenues but increased profit margins, by shifting a larger proportion of the business from the lower margin bottling activities to the higher margin concentrate side.

This strategy was leading to "an increasingly aligned company/bottler system with greater capability to capture the huge opportunities for profitable growth," Mr Goizueta said.

Unit case volumes rose 4 per cent in the US during the second quarter, a little slower than in the first three months but still well ahead of the competition.

Coca-Cola claimed that it continued to gain share in its home market in the latest period, with its volume growth increasing by more than 1.5 times the rate of the US soft drinks industry as a whole.

This was the result of the introduction of new products such as Surge, a citrus soda, as well as what was described as solid increases in the group's core brands.

SGS-Thomson income declines 48%

By David Owen in Paris

Shares in SGS-Thomson Microelectronics fell sharply yesterday after the Franco-Italian semiconductor manufacturer announced a 48 per cent decline in first-half net income from $351.1m to $182.6m.

However, Mr Pasquale Pistorio, president and chief executive, was upbeat, saying the recovery of the industry was progressing, "albeit at a slower rate than we anticipated". He predicted a "new positive cycle" for the sector would start in the final quarter.

Mr Pistorio said he expected the company's operating margin to rise to between 40 and 42 per cent in 1998, against 38.5 per cent in the three months just ended. "I think the market reached the bottom in February 1997," he said.

The shares fell FFr24, or 4.3 per cent, to FFr537 on a declining Paris market.

Yesterday's figures, which showed second-quarter earnings per share declining from $1.27 to 66 cents, were in line with a profit warning released in June, the company's second in six months. This blamed continuing weak sales of value-added products such as chips for television set-top boxes and memory disk drives.

First-half operating income was down from $445.1m to $229.4m, while net revenues fell from $2.08bn to $1.91bn. Earnings per share reached $1.31, compared with $2.53 in the six months to June 1996.

The company acknowledged overcapacity was still "significant industry-wide" and said average selling prices were between 10 per cent and 25 per cent below second-quarter 1996 levels.

However, the group was demonstrating its confidence in the future by lifting research and development spending in the first half from $257.3m to $293.7m. "This company has never tried to compensate for the market cycle with a cut in R&D expenditure," Mr Pistorio said. He also said capital spending in 1997 would be higher than in 1996.

Questioned on why SGS-Thomson's results were so different from those of Intel, the world's leading semiconductor manufacturer, which recently unveiled figures above analysts' estimates, Mr Pistorio retorted: "I don't think Intel is a semiconductor manufacturer, they are a money printer." Apart from Intel, SGS was in the top tier of manufacturers, he said.

Mr Pistorio said the group had still not received Ecu18m ($16.38m) of state aid the European Commission has been trying to block in the face opposition from Mrs Edith Cresson, the research commissioner. He was confident the Commission would reconsider its position.

Romanian telecoms lined up for sell-off

Romania is set to fire the starting gun next week for the privatisation of the first tranche of Rom Telecom, the state-owned telecommunications utility, in one of the biggest sell-offs planned for east Europe.

Ten leading investment banks, chosen from an original list of 36 applicants, have been fighting for the mandate to be government adviser.

The sale is expected to value Rom Telecom at more than $4bn, with the most optimistic investment bankers suggesting the price tag could go as high as $6bn. Interest from telecoms operators in western Europe and North America is expected to be high.

Competition has been intense for the advisory mandate, seen as the most prestigious on offer in Romania's accelerating privatisation programme, and as an important marker for any western investment bank seeking to expand its activities in east Europe.

Interest in telecoms in the region is keen. Bulgaria says it is committed to selling a strategic stake in Bulgarian Telecom (BTC), with Deutsche Morgan Grenfell already appointed as adviser. Moldova, Romania's small neighbour to the north-east, is seeking to privatise its telecommunications utility, while the Polish government is expected to choose the route of an initial public offering for the first stage of the privatisation of Telekomunikacja Polska (TPSA), possibly in 1998.

Further moves are also expected in Hungary and the Czech Republic.

Deutsche Telekom and Ameritech, which paid $1.72bn for a 67.4 per cent strategic stake in Matav, the Hungarian operator, have indicated they will float more than 15 per cent next year in an IPO, and the Hungarian government may reduce its 25 per cent stake at the same time.

In Romania, the government is expected to choose the adviser for the Rom Telecom privatisation early next week. Mr Sorin Pantis, communications minister, said the decision had been delayed to seek clarification of the terms of the success fees being demanded.

Those shortlisted include the individual banks Credit Suisse First Boston, Goldman Sachs, J.P. Morgan, Lazards, Merrill Lynch and Morgan Stanley, and consortia comprising ABN Amro and N.M. Rothschild, Lehman Brothers and L.C.F. Rothschild, SBC Warburg and Investmentbank Austria, and Union Bank of Switzerland with Creditanstalt Investment Bank.

Romanian telecommunications are among the least developed in central Europe, but the sector is undergoing dramatic change. In recent weeks, two national GSM mobile telephone networks have begun operations with majority foreign shareholders in the shape of France Telecom – seen as a potential bidder for the stake in Rom Telecom – and a consortium comprising Telesystem International Wireless of Canada and Airtouch Communications of the US.

Central and Eastern Europe telecoms privatisation

Country	Companies	Date	Buyer	% acquired	Amount paid ($m)	Equity value per access line ($)	Advisers	
Estonia	Estonia Telecom	1992	Baltic Tele AB (Telia 50%/ Telecom Finland 50%)	49	38.5	225		
Hungary	Matáv I	Dec 93	Magyarcom (Deutsche Telekom 50%, Ameritech 50%)	30	875	2,319	NM Rothschild	[illegible]
Latvia	Lattelekom	Jan 94	Tilts Communications (Cable & Wireless 63%, Telecom Finland 27%, IFC 10%)	49	160	454		
Czech Republic	SPT Telecom	Jun 95	TelSource (KPN 51%, Swiss PTT 49%)	27	1,320	2,173	JP Morgan	Goldman Sachs
Hungary	Matáv II	Dec 95	Magyarcom (Deutsche Telekom 50%, Ameritech 50%)	37	852	1,217	Deutsche Morgan Grenfell/CSFB	
Yugoslavia	Telekom Srbija	Jun 97	Stet 29%/OTE 20%	49	912	889	NatWest	UBS (adviser to Stet)

Source: UBS

The government proposes to sell an initial stake of 30 per cent in Rom Telecom to a foreign strategic investor, with an additional stake of between 3 and 5 per cent to be made available to employees, according to Mr Pantis. The aim is to complete this first phase "no later than the first quarter of 1998", he says, although bankers seeking the advisory mandate believe this timing is a little ambitious.

In a second stage to follow, "probably in one-and-a-half to two years", the government plans a public offering to both international and domestic investors, with the state maintaining only one golden share, he says.

The strategic investor will have to meet a heavy investment commitment, if the utility is to be developed, as the government hopes, into a leading telecommunications force in central Europe and the Balkans.

It will have to move quickly, as the government is planning to issue an exclusive licence only until the end of 2002, before it opens the market for basic telephony in 2003.

The present network is underdeveloped, with a penetration of only around 14 lines per 100 of the population.

The government has set a target of an overall 30-35 per cent penetration level by 2002 with investments planned to total around $5bn in the six years from 1997.

While the local networks are still in poor shape, Rom Telecom has made good progress in building the trunk network and by spring next year a backbone system of 7,000km of fibre optic cable should link all main centres.

The tariff structure is being revised as part of the government's actions to liberalise prices. Charges have been raised by 15 per cent in real terms in February and again by 25 per cent in real terms last month. Steps are also being taken to establish an independent regulatory body that will monitor the new tariff structure, and will be crucial for a successful privatisation.

Kevin Done

Nestlé growth target in doubt

By William Hall in Zurich

Nestlé, the world's biggest food company, yesterday looked likely to miss its long-term target of 4 per cent growth in sales volume this year following the release of weaker than expected first-half figures.

Although it lifted first-half sales 17 per cent to SFr33.5bn ($22.6bn), 11 points of the gain was owed to favourable exchange rates. By contrast, real internal growth, excluding acquisitions and divestments, was 2.7 per cent – the slowest rate since the first half of 1993.

Shares in the world's biggest producer of instant coffee, chocolate and mineral water fell 2 per cent to SFr1,927 on the news. Mr James Amoroso of Bank Julius Baer in Zurich, who had forecast a 3.3 per cent rise in first-half volumes, said the growth was "significantly below" what he had been expecting.

The sales figures were the first to be announced since Mr Peter Brabeck, a marketing executive, took over as Nestlé chief executive just over a month ago. They also underlined the challenge he faces in proving he can reinvigorate one of the world's most conservative food companies.

Nestlé, which will reveal more when it publishes its first-half profits on September 18, said sales in the second quarter had grown at more than 3 per cent compared with 2.2 per cent in the first quarter. Growth was "particularly high" in North America and eastern Europe, as well as in the Middle East and south-east Asia. There had been "significant progress" in the group's petcare products and also in its Perrier-Vittel mineral water operations and Alcon pharmaceuticals business.

Coffee, the group's biggest cash generator, showed positive volume growth in spite of the impact of rising raw bean prices. However, the company indicated that in Europe – its biggest regional market – business remained sluggish.

Strikers at Bezeq reject peace deal

By Judy Dempsey in Jerusalem

Workers at Bezeq, Israel's state-owned telecommunications company, yesterday threatened to step-up their four-day strike in protest over the government's sale this week of a 12.5 per cent stake in the operator to Merrill Lynch, the US investment bank, for $250m.

The main Bezeq trade union yesterday rejected a deal from the state which involved a one-off payment amounting to 3 per cent of the total sale price to be distributed to all workers.

Mr Benny Goldring, a union official, claimed the government had reneged on its promise not to sell more than 5 per cent of the company in a private placement without first informing the employees.

Employees also claim the sale to Merrill Lynch had deprived them of the discounted shares which would have been part of a public offering.

The strike action, which Bezeq failed to stop in the courts on Wednesday, comes as the company's new management prepares to cut 1,000 employees, or 12 per cent of the workforce.

Merrill Lynch, which has an option to sell the shares back to the government at the end of January, would not comment on the strike.

The government still plans a 10 per cent domestic public offering in November. But traders and Bezeq officials are concerned that Merill Lynch could offer institutional investors a lower price, which could jeopardise the government's chances of attracting a good response. The government still holds 63.5 per cent of Bezeq.

EUROPEAN NEWS DIGEST

Daimler looks at Temic future

Daimler-Benz, the German industrial group, may seek a partner for Temic, its struggling microelectronics division which suffered losses last year. "We are checking solutions and possibilities to give Temic the basis for a profitable future. One solution could be a co-operation with a strong international partner," it said yesterday.

Daimler – which after record losses in 1995 has been through a period of intense restructuring – said it had been in contact with companies over co-operation, but stressed that no decision had yet been made. Temic, which produces electronics for cars and commercial vehicles and manufactures semiconductors, had sales last year of DM2.5bn ($1.39bn), 12 per cent higher than in 1995. But it made a loss because of falling semiconductor prices amid difficult market conditions and high start-up costs in automotive electronics. *Graham Bowley, Frankfurt*

■ ITALIAN INSURANCE

Generali reveals warchest

Assicurazioni Generali, Italy's largest insurer, has indicated it is prepared to spend L4,500bn ($2.57bn) on acquisitions in France and Germany as part of efforts to nearly double returns over the next three years. The company confirmed its interest in Athena, the France-based insurer.

It promised that return on equity would rise from 8.7 per cent last year to 14 per cent by 2000. This would be achieved through acquisitions, merging its existing operations in Europe, and introducing computer technology to cut costs. The pace of consolidation in global insurance markets has accelerated following an influx of capital into the industry and amid falling premium rates. Axa bought French rival UAP last year and Royal Insurance and Sun Alliance merged in the UK. Generali has yet to be involved. Its shares closed L1,979 up at L37,765.

Christopher Adams, Insurance Correspondent

■ FINMECCANICA

Steve resigns

Mr Bruno Steve, yesterday resigned as chief executive of Finmeccanica, marking the final chapter in the top-level management reshuffle at the Italian state-controlled defence, energy, high-technology and transport conglomerate. Mr Steve said yesterday he had "exhausted his professional role in the company after ensuring the necessary continuity at a delicate time for the group".

Paul Betts, Milan

■ ROMANIAN TV SALE

Court rejects CME challenge

The Budapest High Court has rejected a bid to suspend franchise contracts for two commercial TV stations in Hungary awarded this month to Hungarian-Swedish consortium MTM-SBS, and the Luxembourg-based CLT-Ufa group. The court did rule, however, that the case could proceed, with the next sitting in September. MKTV, the local subsidiary of US-led group Central European Media Enterprises (CME), has sued ORTT, the Hungarian radio and television commission, claiming irregularities in the tender evaluation process for the two channels. MKTV had submitted bids of Ft12bn–Ft12.5bn ($63m-$66m) each for the franchises, substantially more than the two successful bidders. *Kester Eddy, Budapest*

■ OIL

Schlumberger 56% ahead

Shares in Schlumberger, the Franco-American oil services group, rose sharply yesterday on the Paris bourse after the company announced a marked improvement in its second-quarter results. The shares ended the session at FFr917, up more than 3 per cent from Wednesday's close of FFr890. The company reported net profits of $306.5m for the quarter, up 56 per cent from the same period last year. Operating income rose 21 per cent to $2.6bn. Earnings per share were 55 per cent higher at 62 cents, from 40 cents.

Samer Iskandar, Paris

■ AEROPORTI DI ROMA

Rome to sell remaining stake

Heavy demand for the public share offer of a 41 per cent stake in Aeroporti di Roma, the operator of the Italian capital's two airports, has encouraged the government to sell the state's remaining holding next year. The tranche reserved for institutional investors was 21 times subscribed, with demand for 695m shares against 31.98m on offer. Demand from 185,000 private investors totalled 170m shares against the 17.22m on offer. A greenshoe, or overallotment, option is now expected to be exercised as a result of the heavy institutional demand. This will increase the total offer to 45 per cent of Aeroporti di Roma. With the additional greenshoe shares, the offer at a price of L11,000 a share, will raise nearly L600bn ($344m).

Paul Betts, Milan

■ PRIVATE BANKING

Safra Republic 33% ahead

Safra Republic Holdings, the European pillar of Mr Edmond Safra's private banking empire, increased net income by 33 per cent, to $119.6m, or $3.39 a share, in the first six months of 1997. The rise was more than twice the rate of growth in the comparable period of 1996, reflecting acquisitions, continued tight control of operating expenses and favourable currency movements. Net commission income rose 63 per cent to $61.2m in the first half. The acquisition of Banque Unigestion in Geneva and Mercury Bank in Zurich accounted for more than half of the $8.9bn increase in client assets, to $27.3bn. By contrast, total operating expenses rose 11.5 per cent to $93m, and net interest income, after a $10m provision for credit losses, rose 9.7 per cent to $138.2m. *William Hall, Zurich*

■ FINLAND

Finvest to float forestry arm

Finvest, the Finnish consulting, engineering and electronics group, plans to float its Jaakko Pöyry subsidiary, the world's leading forestry consultancy, on the Helsinki and Stockholm stock exchanges. Carnegie, the Swedish investment bank, has been appointed by Finvest to advise on the offering.

Finvest said the plan was to float around 50 per cent, or possibly more, shares within about six months. The subsidiary made operating profits last year of FM83m ($13.7m) on sales of FM1.2bn. *Greg McIvor, Stockholm*

■ CZECH REPUBLIC

Bond to finance flood relief

The Czech government said yesterday it would launch a Kč1bn ($30m) bond issue on August 1 as the first tranche of what is expected to be a Kč5bn issue to finance flood relief. The Kč1bn issue will carry a coupon of 12.5 per cent for the first year and of inflation plus 250 basis points for the remaining four years. Torrential rain this month has devastated parts of the east of the country, causing heavy loss of life and severely disrupting industry.

Vincent Boland

هكذا من الاصل

UK remains 'flagship' Qantas route

By Michael Skapinker, Aerospace Correspondent

Australia's economic future might be Asian, but the UK remains a far more profitable market for Qantas, according to Mr James Strong, chief executive of the Australian airline.

"There's so much said about economic growth in Asia and how well placed Australia is to compete there. It's true, but the irony is that the least profitable part of our operation is in Asia," Mr Strong said.

Low-cost Asian carriers push fares down, making it more difficult for Qantas to compete. Mr Strong would not reveal what proportion of his airline's 1995-6 pre-tax profit of A$401.4m (US$295m) came from flying the UK-Australia route, but the UK was "our flagship market".

An important reason for the profitability of Qantas' UK operation is its four-year-old alliance with British Airways. The UK carrier bought a 25 per cent stake in Qantas in 1993 for A$665m.

While BA struggles to win US, UK and European regulatory approval for its alliance with American Airlines, it has been steadily strengthening its links with Qantas. Yesterday, the two companies held their first joint board meeting in London.

Although the two airlines had competed fiercely, they have also had intermittent links for decades. The first was in 1931, when Qantas and Imperial Airways – a forerunner of BA – operated a joint mail service between the UK and Australia.

The alliance between the two really took off in 1995, when the Australian Trade Practices Commission agreed they could co-operate closely on schedules, prices and marketing. The co-ordination of flights allowed the two airlines to manage their aircraft capacity more carefully.

BA reduced its capacity on the Australia route by the equivalent of a 400-seat Boeing 747-400. Qantas saved the equivalent of a 250-seat Boeing 767-300, which Mr Strong said was worth A$50m a year to the airline.

Qantas has spent A$100m installing BA's computerised yield management system to replace the two systems it had been using.

The two airlines have a single management structure in parts of Asia and share airline lounges around the world. They also purchase crew accommodation jointly.

BA has three directors on Qantas' 12-member board. Mr Strong said that while the UK carrier has no influence over the day-to-day running of Qantas, relations between the two have become steadily closer.

Qantas and BA intend to use their route structures to sell more long-haul tickets to leisure travellers. By flying with both airlines, customers travelling between Australia and the UK could stop off in Johannesburg, Tokyo, Seoul or Beijing.

Qantas already has a code-sharing arrangement with American, allowing the two to sell tickets on each other's flights.

Approval of the BA-American link would create a trilateral alliance. Mr Strong refused to discuss what might happen if the BA-American alliance is not approved and the UK carrier links up with another US airline such as Delta instead.

"We expect BA-AA to be approved and implemented," he said.

Company failures hit banks in Korea

By John Burton in Seoul

Large corporate bankruptcies caused South Korea's 25 commercial banks to suffer a combined net loss of Won77.8bn ($87m) for the first half of 1997 against a net profit of Won437.5bn a year ago.

The poor results reflected the failure of some of Korea's biggest conglomerates – including the Hanbo and Sammi steel groups and the Jinro liquor and Dainong textile companies – because of an economic slowdown. Reserves for non-performing loans increased 153 per cent to Won1,540bn.

Ten banks reported net losses, with a combined deficit of Won570bn. They included Korea First Bank with a net loss of Won356.5bn and SeoulBank with Won130.9bn.

Korea First was the largest creditor to the Hanbo steel group, which collapsed in January under debts of nearly $6bn. The bank is expected to suffer further losses following this week's financial rescue of Kia, Korea's third largest carmaker, for which it was the biggest commercial lender.

The central bank said yesterday it was considering providing emergency loans to Korea First at a low 3 per cent interest rate to prevent the bank from suffering a funding shortage.

The other lossmaking banks were much smaller commercial and provincial banks.

Kookmin Bank, which concentrates on retail banking as opposed to industrial lending favoured by the country's main commercial banks, reported the largest profit at Won112.4bn, up 12.3 per cent.

Shinhan Bank, which has a record of being among Korea's most profitable, reported a 30.5 per cent increase in net earnings to Won98.5bn.

Cho Hung Bank had a 10.5 per cent rise in profits to Won70.5bn, while Hanil reported an 86 per cent jump to Won32.8bn. Commercial Bank of Korea suffered a 46 per cent fall in profits to Won42.8bn, while Korea Exchange Bank has a 43 per cent decline to Won41.7bn.

Total operating profits for the banks decreased by 1.3 per cent to Won2,264bn, with Kookmin posting the biggest operating profits at Won313.7bn.

Shadows fall over fab golden age

Chip foundry pioneer TSMC is facing growing competition and falling margins

For a company whose founding premise was widely greeted with scepticism, Taiwan's leading semiconductor chipmaker may feel vindicated to find itself surrounded by a host of imitators.

But the abundance of flattery is a headache for Taiwan Semiconductor (TSMC), which a decade ago pioneered the concept of a dedicated foundry chipmaker and is now the world's biggest. A foundry custom-makes chips on contract to design houses that lack their own plants, or "fabs".

"Back in 1987, people thought we couldn't make a living doing fab only. Many senior figures in the US semiconductor industry did not think the idea would be commercially viable," says Mr Morris Chang, founder and chairman of TSMC.

Philips was an exception and the Dutch electronics group holds a 39 per cent stake in one of Taiwan's most spectacular business success stories. The other big shareholder is the government with 25.8 per cent.

"TSMC is the model for foundry companies worldwide," says Mr T. H. Son, a semiconductor analyst at Dataquest, which tracks computer industry trends.

But how much longer TSMC can maintain its comfortable – and lucrative – edge has come under scrutiny as its chief rival turns up the heat.

United Microelectronics (UMC), whose foundry arm was set up two years ago under the stewardship of Mr Robert Tsao, its chairman, last week lured a top executive from TSMC on the heels of announcing a T$500bn (US$18bn) expansion plan over the next decade.

The bold moves threw a spotlight on the intensifying rivalry between Taiwan's two biggest chipmakers and on the prospects for the foundry chip business.

Growth in the foundry segment is outpacing that in the entire fast-growing semiconductor industry. Dataquest estimates that the market share of fabless chipmakers – foundry chip production – will rise from 9 per cent of total chip sales in 1997 to 16 per cent in 2000.

TSMC alone has about 40 per cent of the world's foundry business and Taiwanese foundries combined have 70 per cent. Imitators have sprung up or are planned elsewhere, especially in south-east Asia.

Mr Chang is sanguine on TSMC's prospects in spite of an expected decline in profits this year after price-slashing in the chip industry and aggressive competition from other foundries.

"We have built up our competitive barriers and even with the intensified competition our profits are still quite handsome," he says, with a hint of Texas twang acquired during many years at Texas Instruments, the US electronics concern.

"Our competitors who cut prices have not done nearly so well as we have in either profitability or market share. I think we have weathered this first round of competition very well, and emerged as an even stronger company."

Crucial to keeping ahead of the competition will be maintaining its edge in advanced technology.

In April TSMC announced a plan to invest T$400bn over 10 years to expand capacity and improve technology. The company is also trying to distinguish itself in value-added services for clients through a "virtual fab" concept.

Customers will be able to trace their order through the production process via "off-site online" browsing services. TSMC will also offer intellectual property brokering for clients.

Good as this sounds in theory, it may be hard to put into practice, says Mr Derek Tien, an electronics analyst at Merrill Lynch. Still, TSMC has built strong loyalty among customers who give it highest marks for quality.

"Customers will not easily switch foundry supplier because it can be a painful process," he says. "As the industry leader, there is no reason for TSMC to slash prices, but they do need to justify the premium."

Merrill Lynch expects gross margins in the foundry sector to decline from 56 per cent in 1996 to 36 per cent in 1997. TSMC has the potential to become one of world's biggest semiconductor companies, but can it maintain fast growth as it enters a new era of competition?

"TSMC has grown so fast because it offered something no else had: it gave design houses without production facilities an opportunity to grow," says Mr Boris Petersik, electronics analyst at BZW Securities. "Before, it could pick out the winners, but now it is managing a portfolio of clients so its performance will reflect to a greater extent what is happening in the semiconductor industry as a whole."

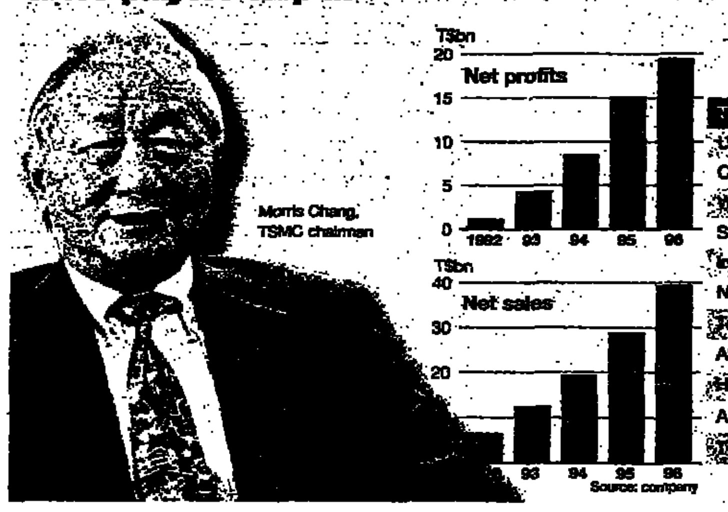
Punishing industrial cycles could make it difficult to finance expansion internally, forcing TSMC to rely on funds raised elsewhere, analysts say.

But Mr Chang is confident the industry's "golden age" will continue for at least the next decade, with annual growth at 10 to 15 per cent.

He predicts that at that point development of semiconductors may hit "physical or atomic" barriers. "When that happens, this industry may become more like the steel or auto industry," he says. His vision may be proved right once again.

Laura Tyson

More players chip in



Morris Chang, TSMC chairman

Dedicated foundry capacity worldwide
6-inch wafers ('000)

	1995	96	97est	98est	99est
TSMC (Taiwan)	102.3	139.0	183.6	242.4	283.9
UMC (Taiwan)		53	140.6	207.4	243.0
Chartered (Singapore)	34.9	61.6	91.9	122.1	188.4
Worldwide (Taiwan)			5.3	26.7	53.4
Submicron (Thailand)			8.9	35.6	35.6
Interconnect (Malaysia)				8.9	32.0
Newport (Hong Kong)		5.0	13.9	22.8	22.8
Tower (Israel)	10.0	15.0	20.0	20.0	20.0
ASMC (China)		5.0	10.0	10.0	10.0
Hua Hong (China)				5.3	17.8
Anam/Amkor (S.Korea)				8.9	32.0
Total	147.2	231.0	474.3	710.2	918.9

Source: Merrill Lynch

Thai Airways to sell 250m shares

By Ted Bardacke in Bangkok

Thai Airways, the country's state-owned flag carrier, is seeking to capitalise on the rise in its share price by selling 250m additional shares to the public by the end of the year.

The sale would reduce the Thai government's stake in the airline from 93 per cent to 76 per cent.

Company executives said the airline also has a tentative plan to float another 500m shares by the end of the decade, further reducing the government's stake to 47 per cent.

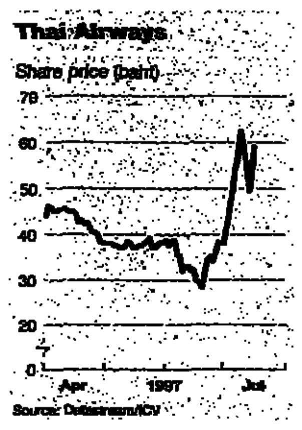
Of the shares to be sold this year, 150m will come from those held by the government and 100m would be new shares.

Revenue would help finance the company's five-year Bt20bn ($662m) expansion plan, but it remains unclear if the Thai government will retain some of the proceeds.

Analysts said the announcement was likely to have been prompted by the rise of more than 50 per cent in the airline's share price since the Thai baht was devalued two weeks ago.

With 46 per cent of its revenues in dollars and 22 per cent in other currencies, compared with 43 per cent of its costs in baht, the carrier is likely to suffer very little or even benefit from the devaluation, analysts said.

Thai Airways closed yesterday up Bt2 at Bt61.00, slightly above its initial public offering price when the company went public six years ago.



ASIA-PACIFIC NEWS DIGEST

Giordano rises 16% on flat sales

Giordano International, the Hong Kong-based clothing retail chain, yesterday reported a 16 per cent increase in interim net profits from HK$110.1m to HK$127.7m. The company, which has been plagued by problems in China since Mr Jimmy Lai, its founder and former chairman, criticised Chinese premier Li Peng in his weekly Next Magazine three years ago, said it had achieved modest profit growth in the mainland. Sales however, were flat – turnover was down 3.5 per cent over the year.

In contrast, the group's manufacturing operations had a bleaker period: total manufacturing sales (net of intra-group sales) fell 35.9 per cent to HK$161.3m and Mr Jimmy Chan, executive director, said the profit contribution was also unsatisfactory.

"During the first half of 1997 the group's manufacturing operations in China had not fully recovered from setbacks experienced in 1996 and wastage and inefficiencies were encountered as the group re-aligned its production facilities," he said.

Appeals against penalty notices received by some manufacturing subsidiaries in China are continuing. Earnings per share rose 15.8 per cent from 15.54 HK cents at the first half of last year to 18 HK cents.

The directors are proposing an interim dividend of 5 HK cents per share, up from 4.5 HK cents in 1996.

Louise Lucas, Hong Kong

■ CAR ENGINES

Nissan to lift VQ production

Nissan, is planning to increase production of its energy efficient VQ six-cylinder engines, which are used in its large saloons. The Japanese carmaker is considering using the engines in a wider range of its models.

Nissan will build production facilities at its plants in Iwaki or Yokohama, which would come on line in early 2000, with capacity of 10,000 engines a month. The investment has been estimated at up to Y20bn ($120m).

Bethan Hutton, Tokyo

■ AUSTRALIAN PAY-TV

Australis Media shares suspended

The Australian pay-TV industry looked poised for rationalisation yesterday when shares in Australis Media, the smallest of the country's three main pay-TV operators, were suspended from trading. The suspension followed a jump in the company's share price of 5.5 cents to 20 cents on Australian stock exchanges.

The rise reflected rumours that a deal was imminent with Foxtel, the rival pay-TV venture jointly controlled by Mr Rupert Murdoch's News Corporation, and Telstra, the Australian telephony group.

The Australian Stock Exchange issued a statement yesterday indicating the suspension followed an exchange query to the company over the reasons for the price rise.

Any deal between Australis and Foxtel would require approval from several Australian authorities.

A previous merger deal between the two companies was rejected by the Australian Competition and Consumer Commission.

Bruce Jacques, Sydney

Comments and press releases about international companies coverage can be sent by e-mail to international.companies@ft.com

Chilean family raises copper mine stake

By Kenneth Gooding, Mining Correspondent

The Luksic family of Chile is to invest a further £75.5m in Antofagasta Holdings, the London listed group with operations in that country.

The Luksics will take up 62.3 per cent of a placing and open offer that will raise about £120m net for Antofagasta.

The cash will help bring the group's $1.33bn (£79m) Los Pelambres copper project in the Andes into production by the turn of the century.

Antofagasta announced in May that it was to sell 40 per cent of the project to two Japanese consortia for $256m, and that two of the companies involved had also agreed to buy 13.5 per cent of annual output for the first 12 years.

Mr Anthony Blaiklock, of HSBC Samuel Montagu, which is underwriting that part of the offer not being taken up by the family, said the Luksics' decision to maintain their existing percentage holding in Antofagasta reflected their faith in Los Pelambres, expected to become one of the world's biggest and lowest-cost copper mines.

He pointed out that the placing and offer would add to Antofagasta's market liquidity – at the current price the shares not held by the Luksics are worth about £300m.

Some 29.3m shares are to be placed or offered at 415p each. After the announcement yesterday the shares held steady at 437½p. Present Antofagasta shareholders will be offered two new shares for every 11 held. Merrill Lynch is stockbroker to the placing and offer.

Average annual production for the first 10 years is forecast at 246,000 tonnes of copper in concentrate (an intermediate material), 4,520 tonnes of molybdenum, 32,000 troy ounces of gold and 1.28m ounces of silver.

When these molybdenum, gold and silver by-products are taken into account, forecast cash operating costs are 43 US cents a pound.

British Steel buys back 5% of shares

By Jane Martinson

British Steel yesterday bought back almost 5 per cent of its shares for £144m ($240.5m) in an effort to strengthen its flagging share price. This is the first time the company, which was floated in 1988, has bought back its own shares. It won permission to buy up to 10 per cent of its outstanding equity at its annual general meeting in July last year.

Mr John Bowden, director of investor relations, said: "We believe that the company is dramatically undervalued. With a strong balance sheet, this does not affect our overseas expansion plans or our dividend policy."

He said yesterday that the group wanted to "keep its powder dry" on the remaining 5 per cent of shares it could still buy back. Yesterday investors welcomed the move, marking up the shares by 10¼p to 159¾p. British Steel paid 155p for the 93m shares it bought back.

Mr Bowden said the buy-back would enhance earnings by between 2 and 3 per cent this year. Mr Nick Judge, analyst at NatWest Markets, said the buy-back would improve the company's return on capital which has been badly hit over the past year by the strength of sterling and the downturn in the steel market.

Several analysts downgraded their forecasts for this year after the group warned last month about the impact of the strong pound. The company said the brokers' consensus forecast was for pre-tax profits of between £100m and £200m.

The group announced a 59 per cent fall in pre-tax profits to £451m for the year to March. But profits are expected to be squeezed this year by the downturn in exports and rising imports from continental Europe.

With net cash of £785m at the end of March the group could buy a further 5 per cent tranche at yesterday's prices and be left with cash of between £200m and £300m at the year-end.

Its total dividend payout is expected to be in the region of £200m. The group maintained its dividend at 10p in the year to March. Since then the shares have underperformed the market by more than 25 per cent.

Fluctuations in steel prices and currencies have made British Steel's share price particularly volatile since it floated at 125p in 1988. After trading in a relatively tight range they plunged to an all-time low of 46.5p in 1992.

Reputations on the line

Alan Cane questions the BT chief's role in the MCI deal

Whether its proposed takeover of MCI goes ahead on the original terms or not, British Telecommunications' reputation as Europe's canniest telecoms operator, along with that of chief executive Sir Peter Bonfield, has been well and truly dented.

Sir Peter, who won his spurs with the computer company ICL, is unused to hearing calls for his resignation on grounds of "poor management and judgement". Yet at BT's annual meeting this week, a string of small shareholders demanded to know why the deal was now in jeopardy and why MCI seemed to have the whiphand. It was, many argued, another tale of a UK company being "suckered" by a sharp, street-wise US operation.

BT has not done itself any favours. It has yet to give satisfactory answers to a number of uncomfortable questions.

Why did it take it so long to realise that MCI's ambitious plans to enter the US local telephone market would cost significantly more than originally envisaged despite having senior members of BT management, including Sir Peter, on the MCI board?

Why has the company signed a schedule to the main agreement which apparently rules out renegotiation of the terms of the merger because of difficulties in North America's local phone markets.

Why did BT allow rumours to circulate for several days that it was seeking the resignations of two key members of MCI's management. Sir Peter said yesterday that the resignations of Mr Douglas Maine, MCI chief financial officer, and Mr Tim Price, head of MCI's telephone business, were not being sought.

The overall effect has been to portray BT as out of touch with its US partner, outsmarted by its partner's lawyers and overreacting badly to its partner's surprise disclosure.

A US investment banker said yesterday: "BT cannot have it both ways. It cannot try to merge with a company like MCI for its entrepreneurial qualities and then rein it in."

The fact remains that the deal cannot proceed on the current terms.

Under the original terms, set out in November last year, MCI shareholders would have received, for each MCI share held, the equivalent of 5.4 BT shares plus $6 in cash, valuing MCI shares at about $39, a premium of about 30 per cent over MCI's market value at the time.

Yesterday, BT shares closed 5p down at 440¼ while MCI's were at about $35. The deal is now worth about $29.4bn compared with $23.5bn last November. MCI shareholders could expect shares and cash worth $42 compared with $35 before.

Challenged: Sir Peter Bonfield

Institutional shareholders are now arguing that the cost of the deal should be cut by 10-20 per cent. Is BT legally able to reopen negotiations? First, there is no legal or contractual provision for either side to change the terms of the agreement for any reason whatsoever.

BT's lawyers, believe, however that renegotiation by mutual agreement is possible if either company felt that would be a better solution than abandoning the merger completely – which would inevitably lead to a long battle in the courts.

BT and MCI are this week beginning a thorough review of MCI's activities. At the same time, it is likely to explore with MCI the possibilities for renegotiation of the terms of the merger.

Most but not all analysts agree the deal still has sound strategic logic. An exception is Dr James Dodd of Dresdener Kleinwort Benson who argues that the real problem is not MCI's local market difficultuies but the rapid deterioration of the company's core $15bn a year long-distance market. He suggests BT management should seize the opportunity to walk away from the deal. This would be possible, without penalty, if it could be shown there had been a misrepresentation of the circumstances which would materially affect the terms of the deal.

Others argue, however, that so much management status is tied up in the deal that neither side will abandon it. Mr Andrew Harrington, senior analyst at Salomon Brothers argues the deal will go ahead on time and on the original terms. He says the market already supports this view pointing out that the difference between MCI's actual share price and the value implied by the merger has contracted to only 13 per cent. Before news of last week's difficulties, the difference had been 8 per cent, reflecting concern that the US regulatory authorities might seek concessions before approving the merger. After last week's bad news, it stretched out to 20 per cent.

ICI in $500m Eurobond issue

By Roger Taylor

Imperial Chemical Industries is to raise about $500m from the Eurobond market today or early next week in the first stage of a $4bn fund-raising exercise designed to cut the cost of its debt.

This will be the first time ICI has tapped the international capital markets since the 1993 demerger of Zeneca, its pharmaceuticals business, and will significantly increase the availability of ICI debt. Existing ICI bond issues are worth less than £200m and are extremely illiquid.

UBS and Deutsche Morgan Grenfell, joint lead managers, intend the new bond to be a benchmark issue. Analysts expected a fixed-rate bond dated at 3-5 years.

The move follows the sudden jump in the chemical group's debt from about £1bn to close to £6bn after buying Unilever's speciality chemicals businesses for £4.9bn last week.

The acquisition was funded with an $8.5bn bank facility at 0.55 per cent above Libor. Credit rating agencies downgraded ICI after the increase in debt which is expected to cut interest cover to between two and three times this year. S&P cut its rating from A+ to A- and Moody's from A3 to Baa1.

Since then, ICI has announced asset disposals worth £2.9bn which will halve debt to about £3bn against shareholders funds of about £1bn. The remaining debt will be refinanced with up to $4bn of eurobonds, significantly reducing interest costs.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Daejan	Yr to Mar 31	28.1#	(22.8)	24.5	(20.6)	102.6	(89)	6	Oct 1	19	38	35
Elliott (B)	Yr to Mar 31‡	113.7	(118.4)	1.04L♠	(5.06)	4.74L	(10.08)	1.8	Aug 28	1.8	3	3
Greenwich Res	6 mths to Mar 31	0.041	(3.16)	0.073L	(2.19L)	0.1	(1.7)	-	-	-	-	-
Hi-Tec Sports	53 wks to May 2⁂	91.2	(92.8)	3.14	(2.03)	4.5	(2.5)	1.2	Oct 1	nil	1.2	nil
Nightfreight	6 mths to May 31	44.15	(38.3)	0.805	(1.81♥)	1.04†	(2.61)	0.5	Oct 28	1.3	-	3.55
Reliance Security	Yr to May 2	102	(93.5)	3.1	(4.2)	8.9	(12)	5	Oct 1	5	6.75	6.75
Somerfield	*Yr to April 26*	*3,201*	*(3,181)*	*105.4♥*	*(92♠)*	*29.4*	*(29.3)*	*5.8*	-	-	*10.2*	-
Stanley Leisure	Yr to April 27	406.8	(318.1)	19.4♠	(14.8)	11.7	(9.3*)	2.8	Sep 15	2.325*	4	3.325*
Worthington	Yr to Mar 31	30.3	(27.1)	2.66♥	(2.01♥)	6.3†	(5.7)	1.9	Oct 9	1.7	2.8	2.5

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Aberforth Smaller	6 mths to June 30	252.1	(257.3)	3.97	(2.55)	4.85	(3.87)	2.65	Sept 5	2.25	-	6.1♦
China ‡	Yr to Mar 31	120	(102.4)	0.209L	(0.03)	1.32L	(0.19)	nil	-	1	nil	1.5
Exmoor Dual	*9 mths to May 31*	*42.28*	*(27.63)*	*0.282*	*(0.452)*	*3.2*	*(5.12)*	*1.7*	*Sept 1*	*1.6*	-	*6.4*
Finsbury Tech	6 mths to May 31	121.9	(116.3)	0.252L	(0.786L)	1L	(3L)	-	-	-	-	-
Gartmore British	6 mths to June 30	116.8	(107.8★)	1.03	(0.879)	5.03	(4.29)	2.25	-	2.1	-	8.4
Henderson Tech	9½ mths to Apr 30	96.18	(-)	0.04	(-)	0.03	(-)	-	-	-	-	-
Throgmorton	6 mths to May 31	93.8	(92.9)	3.33	(3.29)	1.08	(1.07)	0.9	Aug 27	0.9	-	2.3

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ΦAim stock. ⁂Comparatives for 52 weeks. *Equivalent after allowing for scrip issue. ♦Includes 0.6p special payment. ‡Comparatives restated. ★At December 31. #Net rental income.

هكذا من الأصل

British Steel buys back 5% of shares

COMPANIES AND FINANCE: UK

Nationwide pushed towards bank status

By Christopher Brown-Humes

The likelihood that Nationwide – the biggest remaining building society – may be forced to convert to a bank rose yesterday after it emerged there had been an unexpectedly big vote for controversial elections to its board.

Five rebel members of the Nationwide, led by former butler Mr Michael Hardern, are seeking election on a pro-conversion ticket. They are opposed by five existing board members committed to mutuality. The rebels say Nationwide's 3.5m members would receive a windfall worth at least £1,000 ($1,670) from conversion – but other estimates put the pay-out at up to £2,000. The latter would value the society, which has £40bn of assets and 7m customers, at £7bn.

Mr Brian Davis, chief executive, said : "I would be very surprised if they [the rebels] do not get a lot of votes."

More than 1m Nationwide members have already voted in the postal ballot, with the result to be announced at its annual meeting on Thursday.

Mr Davis said it was "most likely" that a rebel triumph would force the society to convert or seek a bid – even though the dissidents would be in a minority on the 13-strong board.

He also called for legislation to protect building societies from further assaults from "carpetbaggers" seeking windfalls.

The board elections have turned into a referendum on mutuality, with much more than the future of the Nationwide at stake. Many building society executives fear that if the Nationwide is forced to convert, other mutuals – including Bradford & Bingley and Britannia – will have to follow.

The vote could not be taking place at a worse time for Nationwide, with more than 10m people receiving hefty windfalls from Halifax, Woolwich and Norwich Union in the last two months. Carpetbagging by speculators seeking windfalls has increased sharply, forcing Nationwide to suspend all new account openings last month.

One of the mutuals' key arguments is that consumers will lose out if building societies disappear because the banks will charge higher rates.

LEX COMMENT

Nationwide

High noon is approaching for the last big building society, and the omens are not good. Conceivably, the unexpected deluge of votes in the Nationwide's contested board election could come from traditionalist members passionately opposed to receiving big cheques. But it would be unwise to count on it. Far more likely, Nationwide members are succumbing in large numbers to the persuasive charms of upfront cash.

The pity is that they are doing so in such an unsatisfactory contest. Suppose the eclectic band of rebels seeking election do not win; conversion enthusiasts could still argue that members were not backing the status quo, just reluctant to instal such an unqualified bunch on the board.

Nationwide should really have seized the initiative and put the question of conversion to a straight vote. That would have been a clean and meaningful test of members' views – something the pro/anti mutuality debate badly needs.

As it is, all the signs suggest Nationwide is preparing for a climbdown, assuming the vote goes the rebels' way. That is the right policy – although it would theoretically be possible to ignore a pro-rebel vote and live with their minority presence on the board, blatantly to ignore members' views in the name of mutuality would hardly look smart. But if so, the lesson should not be lost on Nationwide's smaller brethren. If they do not put the option of conversion to their members, sooner or later someone else will.

M&S in £192m spree

By Emiko Terazono

Marks and Spencer, the UK's largest clothing retailer, is buying 19 stores from Littlewoods for £192.5m ($321.5m) cash.

Sir Richard Greenbury, chairman, told the annual meeting yesterday that the purchase of "prime retail locations" would increase M&S's presence in town centres where acquiring new sales space has been problematic.

The purchase will increase its selling space by 600,000 sq ft. One analyst estimated that it could add £360m to annual sales and £49m in operating profits.

M&S will start refurbishing the stores – a mix of freehold and leasehold – in February, and they are scheduled to open by autumn next year.

Refitting the stores is expected to cost £60m-£100m.

Euromoney's quantum leap

Virginia Marsh assesses the $142m purchase of its US rival

Euromoney Publication's announcement on Wednesday of the $142m purchase of Institutional Investor is a quantum leap, both into new territory and into a new league as a much larger publishing and exhibitions group.

The purchase of its US rival, is by far Euromoney's biggest acquisition since it was set up with £6,000 of seed money from Associated Newspapers in 1969. Since then it has grown to a business with a market capitalisation of about £340m, fuelled only by cash. It took out its first loan this week – a $150m medium-term bank facility at 50 basis points over Libor.

The move also represents its first significant foray into North America, the world's largest English language market. Until now, says Mr Padraic Fallon, chairman, North America has only provided about 10 per cent of revenues and this has mainly come from US banks advertising in Euromoney publications to reach international markets. In expanding to the US, Euromoney is following a route trodden by its larger European rivals like Pearson, publisher of the Financial Times, and Reed-Elsevier, the Anglo-Dutch group.

"The trend is well-established and, with a few exceptions, British media groups have been successful in the States," says Ms Louise Barton of Henderson Crosthwaite, the brokers.

Like other analysts, she says that the price, at close to twice turnover, is reasonable. It is also well below the $180m that Walt Disney, the vendor, had originally asked.

Disney took over II when it acquired Capital Cities, owner of the ABC television network last year and has since been selling off the Capital businesses not related to its core entertainment business.

Analysts believe the two businesses fit together well. II's strong North American base – 73 per cent of its revenues come from the US – balance Euromoney's concentration on Europe and Asia. Both groups were founded by journalists in the late 1960s – Euromoney by Sir Patrick Serjeant, then City editor of the Daily Mail; II two years earlier by Mr Gilbert Kaplan, an American reporter who built his reputation on his incisive interviews with top Wall Street figures.

The two men talked about joining forces in the early 1970s and Mr Fallon does not disguise the fact that Euromoney, in its early days, loosely modelled itself on II.

The groups still operate in similar areas – both have added newsletter, conference and exhibitions, and database divisions to their core magazine operations. But, in recent years, Euromoney has proved far more adept at squeezing profits from its businesses.

Last year operating profits were £22m on turnover of £93.1m. Operating margins at its international financial publishing division were more than 30 per cent, among the best in the business.

II, by contrast, made operating profits of just £1.5m, once losses of £2.5m on new products were deducted, on revenues of about £44m.

Mr Fallon says a key element in "moving margins in Euromoney's direction" will be profit-sharing arrangements.

"Profit-sharing has been the backbone of our success."

Euromoney's entrepreneurial stance has led some observers to question how well the editorial cultures of the two groups will meld.

"The culture at II is more patrician," says Ms Barton. "If there is any risk in this deal it is that the II people may not like Euromoney's aggressive style."

"But my guess is that they will be able to retain key people by incentivising them to the hilt."

ARD CURTIS

VITI UK LTD

LEGAL NOTICES

In the High Court of Justice No. 003491 of 1997
Chancery Division
Companies Court

IN THE MATTER OF AMSTRAD PLC

and

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 1st July 1997 presented to Her Majesty's High Court of Justice for

(a) the sanctioning of a Scheme of Arrangement; and

(b) the confirmation of the reduction of the capital of the above-named Company by cancelling shares in accordance with the terms of the said Scheme of Arrangement

AND NOTICE IS FURTHER given that the said Petition is directed to be heard before the Companies Court Judge at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday 30th July 1997.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED the 18th July 1997

Herbert Smith
Exchange House
Primrose Street
London EC2A 2HS
Tel: 0171 374 8000
Ref: 72/C439

INTERNATIONAL CAPITAL MARKETS

Profit-takers cash in on positive tone

GOVERNMENT BONDS

By John Labate in New York and Vincent Boland in London

Bond markets traded higher again yesterday as the positive tone generated by Wednesday's benign US inflation data and relative calm on the dollar/D-Mark front continued to generate optimism. But markets were running out of steam by the close, with some ending below the day's highs as profit-takers cashed in on some of the gains after a strong run-up in prices.

"The atmosphere in European markets right now is still a pretty positive one," said Mr Nigel Richardson, head of bond research at Yamaichi International in London. But he added that with the US market now looking ahead to next week's testimony by Mr Alan Greenspan, Federal Reserve chairman, any ripples of nervousness could spread to European bonds.

US TREASURY yields hovered near Wednesday's lows in early afternoon trading, with the long bond yield maintaining its lowest yield level since December last year.

The bellwether 30-year Treasury bond rose ⅛ to 102⅜, sending the yield down to 6.465 per cent. The two-year bond was unchanged at 100¼, yielding 5.843 per cent, while the 10-year issue added ⅛ to 103⅜, to yield 6.165 per cent.

"Nothing extreme is happening to undermine the positive tone," said Mr John Spinello, government securities strategist at Merrill Lynch.

Earlier in the day, a strong housing survey did little to jar the markets into action as housing starts for June were reported at 4.8 per cent, slightly ahead of analysts' expectations. Traders were favouring shorter-term Treasuries but profit-taking was also keeping prices at their current levels.

On Wednesday, the market's low inflation outlook was bolstered by favourable reports of the consumer price index and industrial production for June, news that set off a rally in bond buying and a subsequent rise in the Dow Jones Industrial Average above 8,000. By early afternoon yesterday, the Dow was trading at 8,050.27.

GERMAN BUNDS posted strong gains on the day and closed in firm mood, with the September bund futures contract adding 0.37 to settle at 102.80. Analysts said bunds were supported by signs of buying from domestic and overseas investors, with *"reasonably firm demand for bunds at this level"*, one said.

The D-Mark has regained some of its poise against the dollar. This, combined with a positive inflation outlook and weak domestic demand, meant buyers were being drawn back into the German market, the analyst said.

FRENCH BONDS also moved higher but underperformed bunds in thin trading ahead of Monday's release of an audit of public finances. The September notional futures contract settled in Paris up 0.30 at 130.44.

The consensus expectation is that the audit will show a budget deficit of about 3.5 per cent of gross domestic product.

Market watchers said it was unlikely there would be *any surprise in the audit*, and that of chief interest would be any measures the government would take to get the deficit closer to the 3 per cent EMU level.

French officials repeated that there would be no more austerity measures to reduce the deficit, but there were signs that a rise in company taxes was being considered to raise revenues.

ITALIAN BTPs continued to pare back the losses seen earlier in the week, with the September bund futures contract settling in London at 136.44 to give a spread over bunds of 95 basis points. Mr Eric Fishwick, analyst at Nikko Europe, noted that BTPs appeared "reluctant to push through the mid-90s" against bunds.

UK GILTS also had a good session but finished below the day's peaks after reports that M4 figures to be released today would be higher than expected. The September futures contract on the benchmark long gilt settled in London at 114 23/32, up 9/32.

CAPITAL MARKETS NEWS DIGEST

Asahi issues debut convertible

Asahi Bank yesterday reported the equivalent of over $10bn in demand for its debut Y100bn convertible bond, including heavy subscription from *overseas funds*. The 10-year preferred convertible, which was offered at a premium of 2.5 per cent to its Tokyo shares, was the third such offering from Japan this year.

Yesterday's issue included the (by now) standard "downward reset" clause for Japanese convertibles, which is designed to protect investors from a fall in Asahi's *share price*. If the shares fall below the conversion price of the bond, the issuer pledges to revise it down to the *new level*. "Japanese convertibles are making a come-back," said one banker yesterday. "Investors are beginning to see value in the Japanese market in comparison to what's happening in the US and elsewhere." The issue, which carries a dividend of 0.50 per cent, was distributed to traditional equity funds, according to an official at Goldman Sachs, senior joint lead manager. *The offering* was priced at an equivalent of Y920 compared with Asahi's closing price of Y897 yesterday. *Edward Luce*

■ RESERVE REQUIREMENTS

ISDA in warning on Europe

The European derivatives market could be driven offshore if the future European central bank imposes reserve requirements on derivatives after European monetary union according the International Swaps and Derivatives Association. The warning follows a decision by the European Monetary Institute (the forerunner of the ECB) to consider imposing reserve requirements on "off-balance sheet instruments".

"The EMI proposals raise a spectre over a major financial market used by governments and financial institutions throughout the EU to manage their financial risks," said Mr Gay Evans, chairman of ISDA. "Imposing reserves on derivatives would drive up costs, forcing markets offshore, even with reserves set at a low level and partly remunerated." *Edward Luce*

■ TURKISH SHARE OFFER

Tractor maker to sell stake

Uzel Makina Sanayi, a Turkish tractor and automotive components maker, is due to launch a roadshow today to sell 15 per cent of its shares to foreign investors. Uzel Holding, a holding company of the Uzel family which is selling the stake, hopes to raise $44m–$53m. The shares will be sold as American Depositary Shares, to be listed in London, and ordinary shares to be listed in Istanbul.

The offering consists of 293.8m shares in ADSs and ordinary shares to be sold to international investors, with each ADS representing 250 ordinary shares, and 51.8m *shares to domestic investors. Uzel announced an* indicative price range of $32–$38 for each ADS. *Vincent Boland*

Euro-denominated offering from Spain

INTERNATIONAL BONDS

By Edward Luce and Krishna Guha

The Kingdom of Spain yesterday became the latest to issue a euro-denominated eurobond with an E1.5bn fungible offering. An official at SBC Warburg, joint book-runner with BCH, BSN and Paribas, said the paper was distributed "to all the most prestigious European funds".

Priced to yield 15 basis points over the French ecu OATs yield curve, the paper tightened in to about 13.5 basis points after launch.

As with Italy's euro-denominated bond launched in April, the issue will be "mandatorily" convertible into the euro once Spain *joins European monetary* union. Coupon payments are suspended until then.

Unlike other euro issues, however, yesterday's deal *will be directly converted* into an existing domestic government bond. Yesterday's offering, in other words, will become identical to the existing 6 per cent 2008, bono which totals just under Pta300bn.

"Like everyone else, Spain is trying to provide the investor with liquidity," said one official. "It will obviously trade tighter as a result." The syndicate reported heavy buying from French and German institutions, with almost all the paper going to European funds.

Fans of Russian paper were kept busy yesterday with a $200m three-year debut from UNEXIM BANK, *Russia's largest private* bank. The paper, which is the third Russian bank issue after SBS-Agro last week and Alfa Bank on Wednesday, was priced to yield 400 basis points over Treasuries. This was 25 basis points tighter than the previous two deals, reflecting Unexim's higher credit rating. The bonds were trading marginally tighter to their re-offer price last night.

IMI, Italy's highest rated bank, launched a $500m five-year floating-rate issue. The notes were priced to yield Libor plus 5 basis points all-in, considered optimistic for an Aa3 rated bank.

Joint book-runners BZW and Lehman sold more than half the issue yesterday, and were upbeat about prospects. This was "not a day-one deal", they said. There was little retail support, but solid *buying from investment* management groups and insurance companies.

The book-runners said IMI's issue, offered at a discount, was attractive. They pointed out that Italy's sovereign five-year note offers Libor minus 9 basis points.

But other investment banks said the spread was "too tight". One bank that took part in the book said "we have had no interest in our $5m". It was understood *that the lead managers had* vigorously supported the issue.

ADELAIDE BANK of Australia – a rare visitor to the eurodollar market – also issued a floating-rate dollar note. Its $200m three-year issue was priced to yield Libor plus 12.5 basis points.

The bank's Baa3 rating restricted the number of accounts participating in the offer – preventing a head-to-head clash with IMI. Lead manager SBC Warburg said *the issue had been* "pretty well received" and the bonds had "scarcity value".

HEWLETT PACKARD's $200m three-year fixed-rate bond, priced to yield 8 basis points over Treasuries, went down well with retail investors in Switzerland and the Benelux countries. "It is a household name, in the high-tech sector which is in vogue," said Goldman Sachs, which is running the book.

Goldman added that retail investors were "buying *shorter and shorter*", *down* the yield curve, reducing exposure to a downturn.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
■ US DOLLARS							
IMI Bank Intl, Madeira‡	500	(a)	99.956R	Aug 2002	0.175R	-	BZW/Lehman Brothers
Abbey Natl Treasury Intl	250	6.00	99.858R	Aug 1999	0.125R	+14(6%Jun99)	Goldman Sachs Intl
Hewlett Packard Finance	200	6.125	99.975R	Aug 2000	0.1875R	+8(6⅝%May00)	Goldman Sachs Intl
Adelaide Bank‡	200	(b)	99.915R	Jul 2000	0.15R	-	SBC Warburg
Unexim Intl Finance	200	9.875#	99.81R	Aug 2000	1.00R	+400(6⅛%-00)	Merrill Lynch Intl
Banco BBA Creditanstalt(c)	200	8.125	99.80R	Jul 2005	0.45R	+180(6⅝%-00)	Creditanst/Paribas/SBCW
Banco del Suquia	75	8.875#	99.91R	Jul 2000	0.75R	+295(6⅛%-00)	Barclays de Zoete Wedd
■ STERLING							
Robert Fleming Capital(d)	100	8.375	99.881R	undated	0.625R	+120(7¼%-07)	Merrill Lynch Intl
■ ITALIAN LIRE							
Crédit Local de France	300bn	5.875	101.381	Aug 2001	1.625	-	BNL/IMI Lux/Paribas
■ EUROS							
Kingdom of Spain(e,s)	1.5bn	6.00	99.74R	Jan 2008	0.325R	+15(i)	BCH/BSN/Paribas/SBCW

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. §Convertible. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) 3-mth Libor flat. b) 3-mth Libor +⅛%. c) Callable & puttable on 25/7/00 at 99.04% and on 25/7/02 at 99.20%. d) Callable on 14/8/07 & every 5 yrs at par. If not called coupon resets at 220bp over 5-yr gilts. e) Payments in Ecu prior to Emu. Exchangeable into *bonos upon Emu. i) Over interpolated yield. s) Short 1st coupon.*

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	10/07	125.4282	+0.930	6.55	6.64	7.33
Austria		5.625	07/07	100.1400	+0.330	5.61	5.73	5.84
Belgium		6.250	03/07	104.4800	+0.400	5.64	5.65	5.89
Canada *		7.250	06/07	109.9800	+0.470	5.90	5.98	6.40
Denmark		7.000	06/07	106.6800	+0.380	6.10	6.13	6.25
France	BTAN	4.750	03/02	100.6968	+0.120	4.58	4.47	4.70
	OAT	5.500	04/07	100.5500	+0.310	5.42	5.44	5.73
Germany Bund		6.000	07/07	103.3100	+0.430	5.58	5.58	5.79
Ireland		8.000	08/06	111.2900	+0.590	6.33	6.41	6.73
Italy		6.750	02/07	102.3100	+0.380	6.42†	6.42	7.19
Japan	No 148	5.600	06/02	118.4619	+0.070	1.56	1.57	1.74
	No 182	3.000	09/05	104.9962	+0.030	2.28	2.29	2.47
Netherlands		5.750	02/07	101.7600	+0.320	5.50	5.52	5.67
Portugal		9.500	02/06	122.0500	+0.690	6.12	6.18	6.44
Spain		7.350	03/07	108.1800	+0.500	6.18	6.22	6.66
Sweden		8.000	08/07	110.8994	+0.380	6.49	6.48	7.00
UK Gilts		7.000	06/02	99–15	–1/32	7.13	7.17	7.02
		7.250	12/07	101–19	+7/32	7.03	7.08	7.11
		9.000	*10/08*	*114–28*	*+8/32*	*7.06*	*7.11*	*7.18*
US Treasury *		6.625	05/07	103–07	+8/32	6.18	6.27	6.51
		6.625	02/27	101–30	+9/32	6.48	6.58	6.80
ECU (French Govt)		5.500	04/07	97.3500	+0.270	5.86	5.72	6.05

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal *Source: Standard & Poor's MMS.*

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	-	Two year	5.86
Prime rate	8½	Two month	-	Three year	5.98
Broker loan rate	7¼	Three month	5.19	Five year	6.10
Fed.funds	5⅞	Six month	5.30	10-year	6.19
Fed.funds at intervention	-	One year	5.50	30-year	6.48

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	*130.30*	*130.44*	*+0.30*	*130.60*	*130.26*	*100,519*	*209,911*
Dec	98.98	99.16	+0.32	99.26	98.98	706	4,367
Mar	98.38	98.56	+0.32	98.38	98.38	2	–

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Aug	CALLS Sep	CALLS Dec	PUTS Aug	PUTS Sep	PUTS Dec
126	-	-	-	0.01	0.09	-
127	3.14	-	-	0.03	0.18	-
128	2.16	-	-	0.11	0.37	-
129	1.24	1.51	-	0.35	0.71	-
130	0.49	0.85	-	0.97	1.24	-

Est. vol. total, Calls 3,861 Puts 12,524. Previous day's open int., Calls 106,323 Puts 136,157.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	102.85	102.80	+0.37	103.03	102.60	170776	272714
Dec	*101.75*	*101.90*	*+0.37*	*102.08*	*101.75*	*793*	*10506*

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Aug	CALLS Sep	CALLS Oct	CALLS Dec	PUTS Aug	PUTS Sep	PUTS Oct	PUTS Dec
10250	0.44	0.77	0.60	0.95	0.14	0.47	1.20	1.55
10300	0.16	0.50	0.41	0.74	0.36	0.70	1.51	1.84
10350	0.04	0.30	0.27	0.57	0.74	1.00	1.87	2.17

Est. vol. total, Calls 18379 Puts 17313. Previous day's open int., Calls 186840 Puts 258922

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	135.90	136.44	+0.63	136.75	135.84	54945	103573
Dec	-	108.40	+0.67	-	-	0	2352

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Sep	CALLS Dec	PUTS Sep	PUTS Dec
8000		28.40		0
8050		*27.90*		*0*
8100		27.40		0

Est. vol. total, Calls 7144 Puts 5601. Previous day's open int., Calls 86778 Puts 109670

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	117.55	117.80	+0.46	118.00	117.51	75,828	90,944
Dec	101.75	101.58	+0.47	101.75	101.59	36	273

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	114-21	114-23	+0-09	115-05	114-16	96279	173991
Dec	-	114-11	+0-09	-	-	0	1113

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Aug	CALLS Sep	CALLS Oct	CALLS Dec	PUTS Aug	PUTS Sep	PUTS Oct	PUTS Dec
114	0-58	1-23	1-30	1-63	0-12	0-41	1-08	1-41
115	0-19	0-51	1-00	1-32	0-37	1-05	1-42	2-10
116	0-05	0-29	0-41	1-07	1-23	1-47	2-19	2-49

Est. vol. total, Calls 10958 Puts 4273. Previous day's open int., Calls 42051 Puts 31394

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	96.98	97.16	+0.24	97.28	96.98	2,184	6,525

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	114–23	114–25	+0–03	114–31	114–20	439,402	482,389
Dec	114–12	114–14	+0–04	114–18	114–10	6,329	32,541
Mar	114–05	114–06	+0–06	114–07	114–03	70	13,809

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Sep	125.12	-	-	125.22	125.06	1273	n/a

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FTSE Actuaries Govt. Securities — UK Indices

Price Indices UK Gilts	Thu Jul 17	Day's change %	Wed Jul 16	Accrued interest	xd adj. ytd		Low coupon yield Jul 17	Jul 16	Yr. ago	Medium coupon yield Jul 17	Jul 16	Yr. ago	High coupon yield Jul 17	Jul 16	Yr. ago
1 Up to 5 years (20)	119.57	0.04	119.52	2.25	6.01	5 yrs	7.09	7.10	7.31	7.14	7.16	7.36	7.21	7.22	7.43
2 5-15 years (20)	152.16	0.19	151.92	1.98	7.01	15 yrs	7.02	7.05	8.13	7.05	7.08	8.13	7.13	7.16	8.23
3 Over 15 years (6)	183.28	0.39	182.57	6.47	5.02	20 yrs	7.02	7.05	8.24	7.01	7.05	8.22	7.11	7.15	8.30
4 Irredeemables (5)	212.91	0.53	211.77	2.85	7.34	Irred.†	7.10	7.14	8.33						
5 All stocks (61)	147.20	0.18	146.95	2.90	6.40										

Index-linked							Inflation 5% Jul 17	Jul 16	Yr. ago	Inflation 10% Jul 17	Jul 16	Yr. ago
6 Up to 5 years (2)	*205.60*	*0.16*	*205.28*	*1.79*	*3.03*	*Up to 5 yrs*	*3.63*	*3.67*	*2.68*	*2.92*	*2.96*	*1.16*
7 Over 5 years (10)	199.87	0.53	199.22	1.01	3.96	Over 5 yrs	3.54	3.58	3.82	3.32	3.36	3.61
8 All stocks (12)	199.40	0.49	198.79	1.08	3.85							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Jul 17	Jul 16	Jul 15	Jul 14	Jul 11	Yr ago	High*	Low*
Govt. Secs. (UK)	97.08	96.88	96.61	96.66	97.15	92.81	97.51	93.31
Fixed Interest	125.15	124.88	124.78	125.07	125.00	112.12	125.33	115.32

Gilt Edged Activity Indices

	Jul 16	Jul 15	Jul 14	Jul 11	Jul 10
Gilt Edged bargains	NA	NA	NA	NA	NA
5-day average	NA	NA	NA	NA	NA

 * for 1997. Government Securities high since compilation: 127.40 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974. Gilt Edged volume data will be unavailable until further notice.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on July 17

	Issued	Bid	Offer	Chg	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	100½	100⅝	+⅛	6.39
ABN Amro Bank 7¼ 05	1000	103¼	103½	+¼	6.82
African Dev Bk 7⅞ 23	500	103¾	104¼	+½	7.05
Alberta Province 7⅝ 98	1000	101⅞	102		6.04
Argentina 11⅜ 17	2000				
Asian Dev Bank 6¼ 05	750	98¼	98⅝	+¼	6.47
Austria 8½ 00	400	105¼	105⅜	+⅛	6.16
Baden-Wuertt L-Fin 8⅛ 00	1000	104¼	104⅜		6.23
Bancomext 7¼ 04	1000	94⅛	94½	+⅝	8.61
Bank Ned Gemeenten 7 99	1000	101¾	101⅞	+⅛	6.08
Bayer Vereinsbk 8⅛ 00	500	104¼	104⅜	+⅛	6.23
Belgium 5½ 03	1000	95⅞	96⅛	+⅛	6.31
British Columbia 7¾ 02	500	105½	105¾	+⅛	6.41
British Gas 0 21	1500	17⅜	17⅝	+⅜	7.47
British Telecom 6⅞ 02	1500	102⅛	102¼	+⅛	6.21
Canada 6⅝ 05	1500	100¼	100⅜	+¼	6.43
Cheung Kong Fin 5½ 98	500	98⅝	98¾		6.70
China 6½ 04	1000	97⅞	98⅜	+⅛	7.02
Credit Foncier 9½ 99	300	105	105⅛	+⅛	6.08
East Japan Railway 6⅝ 04	600	99⅞	100	+¼	6.64
EIB 6 04	500	99	99⅜	+¼	6.18
Ex-Im Bank Japan 8 02	500	106⅝	106¾	+⅛	6.36
Exxon Capital 0 04	1800	64¼	64⅞	+⅛	6.22
Fed Home Loan 7⅛ 99	1500	102⅛	102¼		6.06
Federal Natl Mort 7.40 04	1500	105⅞	106⅛	+¼	6.44
Finland 7⅞ 04	1500	108½	108⅝	+¼	6.46
Ford Motor Credit 6½ 02	1250	100	100⅛	+⅛	6.60
General Mills 0 13	1000	28⅜	28¾	+⅛	8.15
INI Finance 6¼ 98	650	98¾	98⅞	-⅛	6.18
Inter-Amer Dev 6⅛ 06	1000	98½	98¾	+¼	6.45
Inter-Amer Dev 7½ 05	500	105⅞	106⅛	+¼	6.50
Intl Finance 5¼ 99	500	99	99¼	+⅛	5.95
Italy 6 03	2000	99	99¼		6.29
Italy 6⅞ 23	3500	98	98⅜	+⅝	7.17
Japan Dev Bk 8⅜ 01	500	108½	108¾	+⅛	6.27
Korea Elec Power 6⅜ 03	1350	97⅛	97½	+⅛	7.06
Matsushita Elec 7¼ 02	1000	103¾	103⅞	+⅛	6.47
Mexico 9⅞ 07	1000	106⅛	106⅝	+½	9.10
Minlin Russia 9¼ 01	1000	101⅛	101½	-⅜	9.13
Ontario 7⅜ 03	3000	104½	104⅝	+⅛	6.50
Ontario 7¾ 02	2000	105¾	106	+⅛	6.46
Oster Kontrollbank 8½ 01	200	106⅞	107⅛	+⅛	6.31
Portugal 5¾ 03	1000	97⅜	97½	+¼	6.36
Quebec Hydro 9¾ 98	150	104	104⅛		6.15
SAS 10 99	200	105¼	105⅝		6.42
SNCF 9½ 98	150	103¼	103⅜		6.08
Spain 6½ 99	1500	100⅞	101⅛		6.05
Sweden 6½ 03	2000	101½	101⅝	+¼	6.27
Tennessee Valley 6 00	1000	99⅝	99¾	+⅛	6.22
Tennessee Valley 6⅜ 05	2000	100	100⅛	+⅜	6.48
Tokyo Elec Power 6⅛ 03	1000	99¾	100	+⅛	6.17
United Kingdom 6¾ 01	2000	102⅝	102¾	+⅛	5.99
United Kingdom 7¼ 02	3000	105	105⅛	+¼	6.12
Walt Disney 6⅜ 01	*1300*	*100¼*	*100½*	*+¼*	*6.39*
World Bank 6⅜ 06	1500	100⅜	100½	+¼	6.41
World Bank 8⅜ 99	1500	105⅜	105⅝	+⅛	5.82
DEUTSCHE MARK STRAIGHTS					
Austria 6½ 24	2000	100¼	100½	+⅜	6.48
Baden-Wuertt L-Finance 6 99	2000	103⅞	104		3.74
Bayerische LB 6 06	1500	103	103⅛	+⅜	5.55
Credit Foncier 7¼ 03	2000	109½	109¾	+¼	5.24
Depfa Finance 6½ 03	*1500*	*106¼*	*106⅜*	*+⅛*	*5.17*
Deutsche Bk Fin 7½ 03	2000	110¾	111		5.21
Deutsche Finance 5¾ 04	2500	103¼	103⅜	+⅛	5.15
EEC 6½ 00	2000	106⅛	106¼		4.00
EIB 6¼ 00	1500	105⅝	105¾	+⅛	4.02
Finland 7½ 00	3000	108⅜	108½	+⅛	3.94
Helaba Intl 5¾ 01	1500	104¾	104¾	+¼	4.52
KFW Intl Finance 6⅛ 08	2250	106¼	106⅜	+¼	5.05
LKB Baden-Wuertt 6½ 08	2250	105⅝	105¾	+⅜	5.80
Ontario 6¼ 04	1500	105⅛	105½	+¼	5.24
Spain 7¼ 03	4000	111¼	111¼	+¼	4.91
Volkswagen Intl Fin 7 03	1000	108⅝	109		5.25
World Bank 5⅞ 03	3000	104⅞	105	+⅛	4.95
World Bank 6⅛ 02	3000	106½	106⅝	+⅛	4.68
World Bank 7⅛ 05	3000	111⅛	111¼	+⅜	5.33
SWISS FRANC STRAIGHTS					
Asian Dev Bank 0 16	500	44¼	44½		4.49
Austria 4½ 00	1000	106⅝	106⅞	-⅛	1.93
Denmark 4¼ 99	1000	105	105¼	+⅝	1.91
EIB 3¼ 99	1000	103⅛	103⅜	+⅛	1.66
EIB 6¾ 04	300	116⅜	116½	-⅛	4.09
Finland 7¼ 99	300	111	111¼	-¼	2.13
Helaba Finance 3¾ 00	1000	105¼	105½		2.15
Iceland 7⅝ 00	100	115⅛	115½	-⅛	2.40
Inter Amer Dev 4¾ 03	600	109½	110¼	-½	3.02
Ontario 6¼ 03	400	116	116¼	-¼	3.06
Quebec Hydro 5 08	100	103¾	104⅜	+⅜	4.55
SNCF 7 04	450	122	122⅛	-⅜	3.50
Sweden 4¾ 03	500	109⅝	110¼		2.99
World Bank 0 21	700	31⅞	32⅜	+⅜	4.81
World Bank 7 01	600	115⅞	116⅛		2.38
YEN STRAIGHTS					
Belgium 5 99	75000	109⅛	109⅜		1.15
Credit Foncier 4¾ 02	75000	112¼	112½	-½	2.17
EIB 6⅝ 00	100000	114¼	114½		1.15
Ex-Im Bank Japan 4⅜ 03	105000	113½	113¾	+⅛	2.04
Fed Nat Mort 2 99	100000	102⅛	102¼		1.11
Inter Amer Dev 7¼ 00	30000	116⅝	116⅞		1.23
Italy 3½ 01	300000	107¼	107⅜	+⅛	1.59
Italy 5 04	200000	117⅝	118	+⅛	2.38
Japan Dev Bk 5 99	100000	108⅝	108¾	+⅛	1.02
Japan Dev Bk 6½ 01	120000	120	120¼	+⅛	1.52
SNCF 6¾ 00	30000	114¼	114½		1.19
Spain 5¼ 02	125000	118	118⅛	+⅛	1.71
World Bank 5¼ 02	250000	118¼	118⅜	+⅛	1.63
OTHER STRAIGHTS					
EBRD 14¾ 98 R	250	99⅝	100⅝		14.92
World Bank 15 99 R	500	101	102	+¼	14.08
Austria 5½ 99 R	1000	104⅝	104¾	-⅛	3.79
PTT Nederland 6½ 06 R	1300	106	106⅛	+⅜	5.63
Bell Canada 10⅝ 99 C$	150	110⅛	110⅜	-⅛	6.15
British Columbia 7¾ 03 C$	1250	110⅜	110⅝	+¼	5.74
Canada Mtg & Hsg 8¼ 99 C$	*1000*	*108⅝*	*108¾*		*4.89*
Elec de France 9¾ 99 C$	275	109¼	109½		5.07
KfW Int Fin 10 01 C$	400	114⅝	115		5.44
Nippon Tel Tel 10¼ 99 C$	200	110⅝	110¾		5.12
Ontario 8 03 C$	1500	111⅜	111⅝	+⅛	5.69
Ontario Hydro 9 02 C$	2000	114⅞	115⅛	+⅛	5.59
Ontario Hydro 10⅞ 99 C$	500	109⅝	109⅞		4.81
Oster Kontrollbank 10¼ 99 C$	150	109¾	110⅛	-⅛	5.07
Quebec Hydro 7 04 C$	1000	105¾	106	+⅛	6.06
Quebec Prov 10½ 98 C$	*200*	*107¼*	*107½*	*-⅛*	*4.86*
Council Europe 9 01 Ecu	1100	115¼	115½		4.98
Credit Foncier 8⅜ 04 Ecu	1000	113⅞	113⅞		5.68
Denmark 8½ 02 Ecu	1000	114⅜	114⅝		5.03
EC 6 00 Ecu	1100	104	104⅜	+⅛	4.65
EIB 10 01 Ecu	1150	116⅞	117⅛	+⅛	4.67
Finland 8½ 07 Ecu	750	117¾	118⅛	+¼	6.00
Italy 8¾ 11 Ecu	2500	126⅞	127⅛	+⅜	6.25
Italy 10¾ 00 Ecu	1000	115⅜	115¾	+⅛	4.65
United Kingdom 9⅛ 01 Ecu	2750	114⅜	114½		4.67
AIDC 10 99 A$	100	107½	107⅞		5.77
Comm Bk Australia 13¼ 99 A$	100	115⅝	116	+⅛	5.87
EIB 7¾ 99 A$	350	105⅛	105⅝	+⅛	5.19
Nat Australia Bank 8¼ 99 A$	250	101	101⅜		5.99
NSW Treasury Zero 0 20 A$	1000	21	21¾	+½	8.91
R & I Bank 7¾ 03 A$	125	106⅛	106½	+½	6.48
State Bk NSW 9 02 A$	300	110¾	111⅛	+⅜	6.48
Sth Aust Govt Fin 9 02 A$	150	110⅝	111	+⅛	6.61
World Bank 8¼ 00 A$	100	105⅛	105½	-⅛	6.34
Abbey Natl Treasury 8 03 £	1000	101⅞	102	+⅛	7.57
British Land 8⅞ 23 £	150	107⅞	108¼	+½	8.31
Denmark 6¾ 98 £	800	99⅜	99½		7.34
Depfa Finance 7⅛ 03 £	500	97⅝	97⅞		7.60
EIB 8 03 £	1000	103	103⅛	+⅛	7.35
Finland 7 00 £	500	99⅜	99⅝	+⅛	7.20
Glaxo Wellcome 8¾ 05 £	500	107	107¼	+¼	7.58
HSBC Holdings 11.69 02 £	365	116	116¼	+¼	7.73
Italy 10½ 14 £	400	127⅞	128⅛	+⅜	7.52
Japan Dev Bk 7 00 £	200	99¼	99⅜		7.30
Land Secs 9½ 07 £	200	112⅛	112½	+⅜	7.68
Ontario 11⅛ 01 £	100	110½	110¾		7.83
Powergen 8⅞ 03 £	250	104¾	105		7.79
Severn Trent 11½ 99 £	150	106¾	107		7.70
Tokyo Elec Power 11 01 £	150	111	111¼	+⅛	7.81
TCNZ Fin 9¼ 02 NZ$	75	108⅝	109⅛	+⅜	7.12
World Bank 9 99 NZ$	250	103½	103¾	+½	7.04
Credit Local 6 01 FFr	8000	105⅜	105⅝		4.59
Denmark 5½ 99 FFr	7000	103⅜	103½		3.91
Elec de France 8¾ 22 FFr	3000	129½	129⅞	+½	6.36

FLOATING RATE NOTES

	Issued	Bid	Offer	C.cpn
Abbey Natl Treasury -1/16 99	1000	99.93	100.00	5.7500
Argentaria Global Fin 0 01	700	99.73	99.83	5.8164
Cades -1/16 01	2000	99.63	99.71	5.6250
Canada -⅛ 99	2000	99.81	99.87	5.5625
CCCE 0 06 Ecu	200	99.75	100.00	4.0625
Commerzbk O/S Fin -⅛ 98	750	99.82	99.90	5.6875
Credit Lyonnais 1/16 00	300	98.51	99.01	5.9375
Dresdner Finance 1/32 98 DM	1000	99.98	100.05	3.2500
Fed Nat Mort -3/16 00	1000	99.78	99.85	5.6250
Finland -⅛ 99	1500	99.97	100.04	5.6875
Halifax BS 0 99	500	100.06	100.12	5.8125
IMI Bank Intl ¼ 99	500	100.33	100.43	6.0625
Italy 1/16 99	1500	100.31	100.38	5.9023
Italy ⅛ 98 Ecu	1500	100.15	100.25	4.3125
LKB Baden-Wuert Fin -⅛ 98	1000	99.95	100.01	5.6750
Lloyds Bank Perp S 0.10	600	90.75	91.75	5.6898
Malaysia 1/16 05	650	99.80	99.98	6.0625
Nova Scotia 3/16 99	500	99.95	100.05	6.0312
Ontario 0 99	2000	100.14	100.22	5.8125
Portugal 1/16 99 DM	2500	100.25	100.31	3.1875
Quebec Hydro 0 99	500	99.85	99.95	5.7500
Renfe 0 98	500	99.60	100.10	5.6750
Spain -1/16 02 DM	2000	100.05	100.10	3.0938
State Bk Victoria 0.05 99	125			5.0582
Sweden -⅛ 01	2000	100.02	100.08	5.7188
United Kingdom -⅛ 01	2000	99.95	99.99	5.5312

CONVERTIBLE BONDS

	Issued	Conv. Price	Bid	Offer	Prem.
Allied-Lyons 6¾ 08 £	200	6.04	98⅜	99⅜	+90.18
Fuji Intl Finance ¼ 02 Y	250000	2002	100¼	104¼	+28.39
Gold Kalgoorlie 7½ 00	65	1.0288	100	101½	+32.98
Grand Metropolitan 6½ 00	710	4.37	150¼	151¼	-1.01
Hong Kong Land 4 01	410	31.05	90⅝	91½	-8.94
Land Secs 6¾ 02 £	84	6.72	133⅝	136⅝	-5.67
Lasmo 7¾ 05 £	90	5.64	97⅞	98⅞	
MBL Intl Fin 3 02	2000	22	109	109⅞	42.59
Mitsui Bank 2⅝ 03	200	2332.6	91⅛	93⅛	
Sainsbury 8½ 05 £	200	3.37	128⅝	129⅝	+0.22
Sandoz Capital 2 02	750	1230.53	153½	154½	+62.67
Sappi BVI Finance 7½ 02	250	78	94¾	95¾	
Sapporo 1⅝ 00 Y	40000	1058.4	101	102	+14.93
Sumitomo Bank 3⅛ 04	300	3608.9	93½	94½	+62.11
Sun Alliance 7¼ 08 £	155	3.9	123⅛	124⅛	+30.84
Transatlantic Hldgs 5½ 09 £	250	5.05	108	109¾	+1.48
Yamanouchi Ph 1⅝ 00 Y	30000	2555.7	124⅛	125⅛	+1.54

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+ or –	52 week High	52 week Low
Shorts" (Lives up to Five Years)							
Treas Cnv 7pc 1997‡‡		7.00	6.74	100⅛	—	101⅜	100⅛
Treas 8¾pc 1997‡‡		8.73	6.45	100¼	-1/16	[illegible]	100¼
Exch 15pc 1997		14.68	6.85	102¼	—	111	102¼
Funding 3½pc 1999-4		4.05	5.93	86⅞	+⅛	87⅛	[illegible]
Conv 9½pc 2004		8.39	7.13	113¼	[illegible]	[illegible]	[illegible]
Treas 6¾pc 2004‡‡		6.88	7.07	98⅛	[illegible]	[illegible]	93½
Conv 9½pc 2005		8.34	7.11	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]							

Index-Linked	Notes	Yield (1)	Yield (2)	Price £	+ or –	52 week High	52 week Low
4⅝pc '98‡‡	(135.6)	—	2.97	114⅛	[illegible]	[illegible]	[illegible]
2½pc '99		2.04	3.25	182[illegible]	[illegible]	182[illegible]	179[illegible]
[illegible]							

Other Fixed Interest

[illegible]

هكذا من الاصل

Asahi issues debut converti

CURRENCIES AND MONEY

Gossip and profit taking hit pound

MARKETS REPORT

By Simon Kuper

The pound fell yesterday on profit taking prompted by rumours that few in the market believed.

There was talk that the Bank of England was selling pounds in the market, and that Mr Gordon Brown, the UK chancellor, would signal a future British return to the European exchange-rate mechanism. Few believed this, and Mr Brown in fact merely restated the UK's attitude to European monetary union: that it would only join if this were economically beneficial. Mr Paul Meggyesi, senior currency economist at Deutsche Morgan Grenfell in London, said the rumours "just added up to a convenient excuse for profit taking", encouraged by sterling's 15-pfennig rise since June 20. The pound closed 1.7 pfennigs down against the D-Mark in London at DM2.995.

Mr Michael Burke, senior economist at Citibank in London, said: "I'm not sure how solid a move that is. It's been a day of thin volumes." He said bouts of profit taking on the pound and dollar this year had been modest and brief. "That's generally a very bullish signal." There were as yet no fundamental reasons to sell these currencies. "That's for another day, and maybe a day way off into the future."

The D-Mark also rose against the dollar, despite a German government statement on Wednesday which suggested to the market that Germany would not intervene for its ailing currency. Mr Meggyesi said the dollar was suffering from traders' disappointment at its failure to break through DM1.80 to the D-Mark. "We've tried to go above that level four times in the last three sessions, and every time the dollar's been hammered down quite quickly," he said.

The US currency closed in London half a pfennig down at DM1.792. It maintained this level in later New York trading, despite a brief dip prompted by Mr Hans Tietmeyer. The Bundesbank president said he hoped that the D-Mark's downward "correction" would not go too far. He made a very similar comment a week ago, also with little effect.

Against the yen, the dollar held recent gains to close in London at Y116.1, after Japan's June trade surplus leaped just 27 per cent over last year, less than expected.

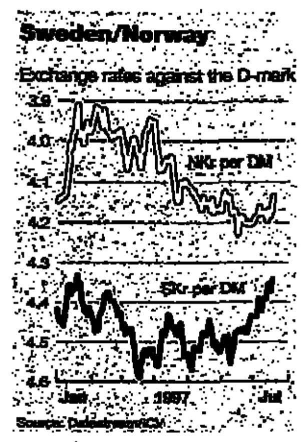
Traders said the Bank of Italy again bought D-Marks in the market. The lira, which closed at L972.3 to the German currency, is near the top of its unofficial 2.25 per cent band in the ERM.

■ Scandinavia's currencies rose again, helped by Norway's rate rise on Wednesday and by bullish views of the Nordic economies. The Norwegian krone, which surged on Wednesday, went from NKr4.155 against the D-Mark to NKr4.133. The Swedish krona rose to SKr4.338 against the D-Mark.

J.P. Morgan wrote yesterday that with the pound's run apparently losing steam, "the focus of market attention will switch towards finding the next 'sterling'". The bank tipped the Nordic currencies for this role. "Economic growth is strong in Norway, recovering strongly in Finland and set to do so in Sweden," it said. Interest rates would rise in all three countries. And given belief that the euro will be a weak currency, Norway and Sweden should profit from lying outside the Emu-zone, Morgan said.

However, Mr Meggyesi pointed out a catch-22 that could stop the Norwegian krone from rising far. The sole mandate of Norway's central bank is to maintain a stable currency. Therefore, if the krone gained sharply on prospects of rate rises, the bank would be dissuaded from raising rates, and the krone would fall again.

■ Yesterday's sales of pounds and dollars suggest that traders are looking ahead to next week, said Mr Steve Hannah, head of research at IBJ International in London. The key event, forex strategists said, could be Monday's French state audit of public finances. The audit is expected to show that France will miss the budget deficit criterion for Emu entry by a large margin, and that could prompt talk that Emu will be delayed. Such talk could boost the D-Mark against the dollar and pound, and few traders want to arrive at work on Monday morning loaded with these currencies.



Source: Datastream/ICV

■ **Pound in New York**

Jul 17	—Latest—	— Prev. close —
£ spot	1.6760	1.6785
1 mth	1.6744	1.6779
3 mth	1.6707	1.6732
1 yr	1.6538	1.6565

■ **OTHER CURRENCIES**

Jul 17	£	$
Czech Rp	57.1915 - 57.3244	34.2300 - 34.2890
Hungary	321.362 - 321.838	192.340 - 192.390
Iran	5015.40 - 5012.40	3000.00 - 3000.00
Kuwait	0.5064 - 0.5076	0.3031 - 0.3036
Poland	5.8328 - 5.8528	3.4910 - 3.5009
Russia	9677.27 - 9686.41	5792.00 - 5794.00
U.A.E.	6.1327 - 6.1414	3.6705 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Jul 17		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	21.0741	-0.1153	631 - 851	21.2128	21.0002	21.0187	3.1	20.907	3.2	20.4016	3.2	101.9
Belgium	(BFr)	61.8582	-0.3391	979 - 185	62.2430	61.6790	61.6782	3.5	61.3062	3.6	59.5582	3.7	101.3
Denmark	(DKr)	11.4096	-0.0699	047 - 149	11.4833	11.3761	11.3783	3.3	11.3143	3.3	11.0228	3.4	108.5
Finland	(FM)	8.8392	-0.0515	310 - 473	8.9000	8.8020	8.8139	3.4	8.7614	3.5	8.5487	3.3	82.0
France	(FFr)	10.1216	-0.0503	167 - 264	10.1815	10.0885	10.0886	3.9	10.0316	3.8	9.7581	3.6	103.8
Germany	(DM)	2.9952	-0.0164	937 - 967	3.0166	2.9844	2.9859	3.7	2.9688	3.8	2.88	3.8	102.1
Greece	(Dr)	470.337	-2.16	113 - 562	473.968	466.954	472.12	-4.5	474.744	-3.7	483.112	-2.7	65.0
Ireland	(I£)	1.1127	-0.0029	116 - 138	1.1172	1.1101	1.1122	0.5	1.1106	0.7	1.0989	1.1	99.2
Italy	(L)	2912.42	-13.88	072 - 411	2928.42	2902.82	2912.5	0.0	2912.47	0.0	2909.87	0.1	76.1
Luxembourg	(LFr)	61.8582	-0.3391	979 - 185	62.2430	61.6790	61.6782	3.5	61.3062	3.6	59.5582	3.7	101.3
Netherlands	(Fl)	3.3736	-0.0175	717 - 754	3.3956	3.3625	3.3634	3.6	3.3425	3.7	3.2465	3.8	100.7
Norway	(NKr)	12.3800	-0.1326	728 - 872	12.5751	12.3465	12.3475	3.2	12.2865	3.0	12.0175	2.9	95.3
Portugal	(Es)	302.472	-1.758	298 - 646	304.139	301.672	302.316	0.6	301.786	0.9	297.698	1.6	92.2
Spain	(Pta)	252.325	-1.203	157 - 492	253.700	251.440	252.01	1.5	251.26	1.7	246.89	2.2	76.7
Sweden	(SKr)	12.9937	-0.1466	835 - 038	13.1330	12.9590	12.9662	2.5	12.9077	2.8	12.6512	2.6	85.2
Switzerland	(SFr)	2.4764	-0.0083	748 - 779	2.4871	2.4654	2.4655	5.3	2.4429	5.4	2.3426	5.4	105.0
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	104.7
Ecu	-	1.5183	-0.0067	175 - 191	1.5267	1.5141	1.515	2.6	1.5076	2.8	1.4738	2.9	-
SDR†	-	1.219358	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6711	-0.0043	706 - 716	1.6792	1.6647	-	-	-	-	-	-	-
Brazil	(R$)	1.8055	-0.005	048 - 062	1.8147	1.7994	-	-	-	-	-	-	-
Canada	(C$)	2.3009	-0.0001	997 - 021	2.3066	2.2862	2.294	3.6	2.2804	3.6	2.2295	3.1	85.1
Mexico	(New Peso)	13.1440	-0.1465	358 - 521	13.2177	13.1117	-	-	-	-	-	-	-
USA	($)	1.6713	-0.0043	708 - 718	1.6795	1.6649	1.6697	1.1	1.6662	1.2	1.6499	1.3	103.9
Pacific/Middle East/Africa													
Australia	(A$)	2.2724	-0.0068	701 - 746	2.2823	2.2556	2.2718	0.3	2.2699	0.4	2.2589	0.6	91.4
Hong Kong	(HK$)	12.9506	-0.0338	459 - 553	13.0141	12.9030	12.9496	0.1	12.9431	0.2	12.8891	0.5	-
India	(Rs)	59.8571	-0.1685	974 - 167	59.9120	59.4580	59.8523	-3.9	60.2529	-4.0	61.9326	-3.8	-
Israel	(Shk)	5.9143	-0.0455	058 - 227	5.9728	5.9059	-	-	-	-	-	-	-
Japan	(Y)	194.013	-0.46	880 - 146	195.190	193.370	192.993	6.3	190.968	6.3	181.983	6.2	132.5
Malaysia	(M$)	4.3287	-0.0043	249 - 325	4.3450	4.3071	4.333	-1.2	4.341	-1.1	4.3596	-0.7	-
New Zealand	(NZ$)	2.5468	+0.0052	450 - 485	2.5506	2.5233	2.5467	0.1	2.5476	-0.1	2.5548	-0.3	109.0
Philippines	(Peso)	47.8661	-1.965	013 - 308	51.1124	47.0260	48.026	-4.0	48.2754	-3.4	49.3324	-3.1	-
Saudi Arabia	(SR)	6.2685	-0.0158	663 - 706	6.2964	6.2445	6.265	0.7	6.2586	0.8	6.2201	0.8	-
Singapore	(S$)	2.4393	+0.0131	377 - 408	2.4451	2.4258	2.4346	2.3	2.4246	2.4	2.3764	2.6	-
South Africa	(R)	7.6136	-0.0186	088 - 184	7.6451	7.5811	7.6743	-9.6	7.7922	-9.4	8.2292	-8.1	-
South Korea	(Won)	1494.14	-3.8	035 - 793	1498.11	1490.25	-	-	-	-	-	-	-
Taiwan	(T$)	46.7045	-0.1188	487 - 602	46.9163	46.5306	46.688	0.4	46.6482	0.5	46.4505	0.5	-
Thailand	(Bt)	50.4984	+0.1565	412 - 555	50.7720	48.6390	50.835	-8.0	51.2968	-6.3	52.3268	-3.6	-

† Rates for Jul 16. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T. The exchange rates printed in this table are also available on the internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jul 17		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
Austria	(Sch)	12.6094	-0.0369	068 - 122	12.6750	12.5780	12.5854	2.3	12.5364	2.3	12.3124	2.4	101.5
Belgium	(BFr)	37.0120	-0.1085	870 - 370	37.2000	36.9340	36.937	2.4	36.7855	2.4	36.092	2.5	101.3
Denmark	(DKr)	6.8269	-0.0244	259 - 279	6.8653	6.8150	6.8152	2.1	6.7909	2.1	6.6845	2.1	102.7
Finland	(FM)	5.2888	-0.0174	855 - 921	5.3140	5.2777	5.2773	2.6	5.2537	2.7	5.1598	2.4	81.3
France	(FFr)	6.0561	-0.0147	550 - 572	6.0812	6.0425	6.0446	2.3	6.0207	2.3	5.9119	2.4	102.9
Germany	(DM)	1.7922	-0.0052	918 - 925	1.8020	1.7885	1.7884	2.6	1.7806	2.6	1.7456	2.6	101.6
Greece	(Dr)	281.420	-0.575	370 - 470	283.030	279.830	282.715	-5.5	284.77	-4.8	291.92	-3.7	64.6
Ireland	(I£)	1.5020	-	010 - 030	1.5065	1.4965	1.5012	0.6	1.5003	0.5	1.5007	0.1	-
Italy	(L)	1742.81	-3.74	211 - 310	1749.40	1738.62	1744.38	-1.2	1747.38	-1.1	1750.81	-0.5	75.9
Luxembourg	(LFr)	37.0120	-0.1085	870 - 370	37.2000	36.9340	36.937	2.4	36.7855	2.4	36.092	2.5	101.3
Netherlands	(Fl)	2.0185	-0.0054	180 - 190	2.0285	2.0140	2.0143	2.5	2.0057	2.5	1.968	2.5	100.6
Norway	(NKr)	7.4074	-0.0603	053 - 095	7.5120	7.3955	7.3929	2.3	7.3645	2.3	7.2528	2.1	95.0
Portugal	(Es)	180.980	-0.59	930 - 030	181.690	180.650	180.944	0.2	180.89	0.2	179.72	0.7	92.6
Spain	(Pta)	150.975	-0.335	920 - 030	151.540	150.630	150.93	0.4	150.755	0.6	149.58	0.9	76.1
Sweden	(SKr)	7.7745	-0.0678	708 - 783	7.8448	7.7627	7.7656	1.4	7.7462	1.5	7.6722	1.3	84.5
Switzerland	(SFr)	1.4817	-0.0012	812 - 822	1.4852	1.4770	1.4784	4.3	1.4657	4.3	1.4202	4.2	104.9
UK	(£)	1.6713	-0.0043	708 - 718	1.6795	1.6649	1.6697	1.1	1.6662	1.2	1.6499	1.3	104.8
Ecu	-	1.1008	+0.002	005 - 010	1.1025	1.0960	1.1022	-1.6	1.1055	-1.7	1.121	-1.8	-
SDR†	-	0.72676	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	0.9999	0.9999	-	-	-	-	-	-	-
Brazil	(R$)	1.0803	-0.0003	802 - 804	1.0806	1.0800	-	-	-	-	-	-	-
Canada	(C$)	1.3767	+0.0034	764 - 770	1.3775	1.3715	1.3736	2.7	1.3679	2.6	1.3473	2.1	85.1
Mexico	(New Peso)	7.8645	-0.0675	620 - 670	7.8680	7.8610	7.973	-16.6	8.184	-16.3	9.0945	-15.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	104.9
Pacific/Middle East/Africa													
Australia	(A$)	1.3596	-0.0007	587 - 605	1.3610	1.3585	1.3594	0.2	1.3588	0.2	1.3545	0.4	93.3
Hong Kong	(HK$)	7.7488	-0.0002	483 - 493	7.7495	7.7480	7.7493	-0.1	7.7502	-0.1	7.7525	0.0	-
India	(Rs)	35.8950	-0.01	700 - 200	35.7270	35.6500	35.8325	-4.6	36.1175	-4.7	37.33	-4.6	-
Israel	(Shk)	3.5387	-0.0182	347 - 427	3.5624	3.5340	-	-	-	-	-	-	-
Japan	(Y)	116.085	+0.02	040 - 130	116.410	115.350	115.57	5.3	114.57	5.2	110.27	5.0	133.9
Malaysia	(M$)	2.5900	+0.004	885 - 915	2.5930	2.5815	2.5945	-2.1	2.6035	-2.1	2.6335	-1.7	-
New Zealand	(NZ$)	1.5238	+0.0069	232 - 244	1.5256	1.5187	1.5246	-0.6	1.527	-0.8	1.5371	-0.9	-
Philippines	(Peso)	28.6400	-1.1	500 - 300	30.7000	28.0000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7507	+0.0001	505 - 508	3.7509	3.7504	3.7514	-0.2	3.7524	-0.2	3.7571	-0.2	-
Singapore	(S$)	1.4595	+0.0115	590 - 600	1.4603	1.4487	1.4578	1.4	1.454	1.5	1.4345	1.7	-
South Africa	(R)	4.5555	+0.0005	540 - 570	4.5580	4.5520	4.596	-10.7	4.6755	-10.5	4.978	-9.3	-
South Korea	(Won)	894.000	-	000 - 000	896.300	891.700	-	-	-	-	-	-	-
Taiwan	(T$)	27.9450	-	200 - 700	27.9750	27.9150	27.956	-0.5	27.985	-0.3	28.0575	-0.4	-
Thailand	(Bt)	30.2150	+0.17	300 - 000	30.4500	29.1000	30.66	-17.7	31.365	-15.2	32.595	-7.9	-

† SDR rate per $ for Jul 16. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Jul 16: Base average 1990=100. The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

July 17	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.00	2.50	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.10	-	4.75
Germany	3	[illegible]	[illegible]	[illegible]	[illegible]	4.50	2.50	3.00
Ireland	6	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.75	6.25	[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	2.50	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.00	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London Interbank Fixing	-	[illegible]	[illegible]	[illegible]	6	-	-	-
US Dollar CDs	-	5.46	5.54	5.63	5.79	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo-Mitsubishi, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jul 17	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
German Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	3⅛ - 3	3¼ - 3⅛	3¼ - 3⅛	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	7 - 6¾	6⅞ - 6¾	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	1½ - 1¼	1⅝ - 1½	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Dollar	[illegible]	3⅜ - 3¼	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japanese Yen	[illegible] - ½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	5 - 4½	5⅛ - [illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	96.51	96.50	+0.01	96.52	96.50	10,776	72,396
Dec	96.44	96.44	+0.01	96.46	96.44	5,697	34,036
Mar	96.38	96.39	+0.02	96.40	96.38	4,391	28,014

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	96.78	96.80	+0.02	96.81	96.78	24484	267111
Dec	96.66	96.67	+0.03	96.70	96.65	50858	251629
Mar	96.55	96.56	+0.03	96.60	96.54	39641	260651
Jun	96.39	96.41	+0.03	96.44	96.39	26046	191365

■ **ONE MONTH EUROMARK FUTURES** (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Aug	-	96.86	+0.03	-	-	0	450
Sep	-	96.83	+0.03	-	-	0	298
Oct	-	96.82	+0.03	-	-	0	265
Nov	-	96.80	+0.02	-	-	0	50

■ **THREE MONTH EUROLIRA FUTURES** (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	93.34	93.34	+0.02	93.37	93.33	9562	110143
Dec	93.73	93.72	+0.03	93.76	93.69	9164	87002
Mar	94.04	94.04	+0.03	94.10	94.02	5603	52531
Jun	94.28	94.30	+0.04	94.34	94.28	4722	39677

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	98.46	98.40	-0.07	98.50	98.38	14824	64587
Dec	98.32	98.26	-0.07	98.35	98.25	8092	47794
Mar	98.22	98.17	-0.06	98.25	98.17	5234	18147
Jun	98.06	98.02	-0.05	98.08	98.02	1069	7411

■ **THREE MONTH EUROYEN FUTURES** (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	-	99.32	-	-	-	0	n/a
Dec	-	99.20	+0.01	-	-	0	n/a
Mar	-	99.01	+0.02	-	-	0	n/a

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	95.75	95.76	+0.03	95.77	95.75	1540	9994
Dec	95.72	95.72	+0.03	95.74	95.72	623	6882
Mar	95.72	95.74	+0.05	95.74	95.72	472	4711
Jun	95.71	95.72	+0.03	95.71	95.71	59	3085

* LIFFE futures also traded on APT

■ **EUROLIRA OPTIONS** (LIFFE) L1000m points of 100%

Strike Price	CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
9325	0.18	0.55	0.90	0.09	0.08	0.11
9350	0.07	0.37	0.70	0.23	0.15	0.16
9375	0.02	0.22	0.53	0.43	0.25	0.24

Est. vol. total, Calls 850 Puts 1435. Previous day's open int., Calls 111914 Puts 98325

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jul 17		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.45	16.36	4.842	1.799	4708	5.454	20.01	489.0	407.9	21.01	4.003	1.617	3.720	2.702	313.6	2.454
Denmark	(DKr)	54.21	10	8.871	2.625	0.975	2553	2.957	10.85	265.1	221.1	11.39	2.170	0.876	2.017	1.465	170.0	1.331
France	(FFr)	61.12	11.27	10	2.959	1.099	2877	3.333	12.23	298.8	249.3	12.84	2.447	0.988	2.273	1.651	191.7	1.500
Germany	(DM)	20.65	3.809	3.379	1	0.371	972.3	1.126	4.133	101.0	84.24	4.338	0.827	0.334	0.768	0.558	64.77	0.507
Ireland	(I£)	55.59	10.25	9.096	2.692	1	2617	3.032	11.13	271.8	226.8	11.68	2.226	0.899	2.068	1.502	174.4	1.364
Italy	(L)	2.124	0.392	0.348	0.103	0.038	100	0.116	0.425	10.39	8.664	0.446	0.085	0.034	0.079	0.057	6.662	0.052
Netherlands	(Fl)	18.34	3.382	3.000	0.888	0.330	863.3	1	3.670	89.66	74.80	3.852	0.734	0.296	0.682	0.495	57.51	0.450
Norway	(NKr)	49.97	9.216	8.176	2.419	0.899	2353	2.725	10	244.3	203.8	10.50	2.000	0.808	1.859	1.350	156.7	1.226
Portugal	(Es)	20.45	3.772	3.346	0.990	0.368	962.9	1.115	4.093	100	83.42	4.296	0.819	0.331	0.761	0.553	64.14	0.502
Spain	(Pta)	24.52	4.522	4.011	1.187	0.441	1154	1.337	4.906	119.9	100	5.150	0.981	0.396	0.912	0.662	76.89	0.602
Sweden	(SKr)	47.61	8.781	7.790	2.305	0.856	2241	2.596	9.528	232.8	194.2	10	1.906	0.770	1.771	1.286	149.3	1.168
Switzerland	(SFr)	24.98	4.607	4.087	1.210	0.449	1176	1.362	4.999	122.1	101.9	5.247	1	0.404	0.929	0.675	78.35	0.613
UK	(£)	61.86	11.41	10.12	2.995	1.113	2912	3.374	12.38	302.5	252.3	12.99	2.476	1	2.301	1.671	194.0	1.518
Canada	(C$)	26.88	4.959	4.399	1.302	0.484	1266	1.466	5.381	131.5	109.7	5.647	1.076	0.435	1	0.726	84.32	0.660
USA	($)	37.01	6.827	6.056	1.792	0.666	1743	2.019	7.407	181.0	151.0	7.775	1.482	0.598	1.377	1	116.1	0.908
Japan	(Y)	31.88	5.881	5.217	1.544	0.574	1501	1.739	6.381	155.9	130.1	6.697	1.276	0.515	1.186	0.861	100	0.783
Ecu	-	40.74	7.515	6.667	1.973	0.733	1918	2.222	8.154	199.2	166.2	8.556	1.631	0.659	1.515	1.101	127.8	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.5605	0.5607	+0.0001	0.5611	0.5574	17,284	110,569
Dec	0.5614	0.5643	+0.0001	0.5643	0.5614	73	1,146
Mar	-	0.5679	+0.0001	0.5679	-	2	433

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.8728	0.8678	-0.0053	0.8745	0.8658	29,852	58,565
Dec	0.8788	0.8798	-0.0046	0.8802	0.8778	211	1,572
Mar	-	0.8959	-	-	-	2	153

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.6824	0.6807	-0.0016	0.6826	0.6781	13,420	51,618
Dec	0.6863	0.6876	-0.0018	0.6876	0.6863	21	1,352
Mar	-	0.6968	-	-	-	127	686

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.6750	1.6650	-0.0092	1.6754	1.6616	7,192	62,603
Dec	1.6560	1.6600	-0.0094	1.6620	1.6560	259	886
Mar	-	1.6540	-0.0094	-	1.6500	1	4

UK INTEREST RATES

LONDON MONEY RATES

Jul 17	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7 - 6¼	6 11/16 - 6 9/16	6¾ - 6⅝	7 1/16 - 6 15/16	7¼ - 7⅛	7½ - 7⅜
Sterling CDs	-	-	6¾ - 6 11/16	6 15/16 - 6⅞	7 7/32 - 7 3/16	7⅜ - 7 5/16
Treasury Bills	-	-	6 13/16 - 6 11/16	6⅞ - 6¾		
Bank Bills	-	-	6 23/32 - 6 21/32	6 27/32 - 6 25/32	7 3/16 - 7 1/16	-
Local authority deps.	6¼ - 6⅛	6⅞ - 6¼	6 25/32 - 6 21/32	7 - 6 15/16	7 3/16 - 7 3/32	7 7/16 - 7⅜
Discount Market deps	6⅞ - 6⅜	6¾ - 6⅝	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from Jul 10, 1997

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc. Ave. tender rate of discount on Jul 11, 6.5661pc. ECGD fixed rate Stg. Export Finance. Make up day Jun 30, 1997. Agreed rate for period Jul 26, 1997 to Aug 25, 1997, Scheme III 7.99pc. Reference rate for period May 31, 1997 to Jun 30, 1997, Schemes IV & V 6.738pc. Finance House Base Rate 7pc from Jul 1, 1997

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	92.84	92.80	-0.04	92.86	92.79	27246	121557
Dec	92.65	92.63	-0.01	92.68	92.60	24267	128685
Mar	92.57	92.54	-0.01	92.60	92.52	11278	102394
Jun	92.57	92.54	-	92.60	92.51	9885	69396
Sep	92.59	92.58	+0.02	92.62	92.56	11524	48037

Also traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
9275	0.13	0.11	0.15	0.08	0.23	0.36
9300	0.02	0.04	0.07	0.22	0.41	0.53
9325	0	0	0.03	0.45	0.62	0.74

Est. vol. total, Calls 15183 Puts 16853. Previous day's open int., Calls 158792 Puts 147063

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	Scottish Widows Bank	6.75
Allied Irish Bank (GB)	6.75	Exeter Bank Limited	7.75	●Singer & Friedlander	6.75
●Henry Ansbacher	6.75	Financial & Gen Bank	7.50	●Smith & Williamson Secs	6.75
Bank of Baroda	6.75	●Robert Fleming & Co	6.75	Sun Banking Corp Ltd	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	TSB	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	United Bank of Kuwait	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Unity Trust Bank Plc	6.50
Bank of India	6.75	Heritable & Gen Inv Bk	6.75	Western Trust	6.50
Bank of Scotland	6.75	C. Hoare & Co	6.75	Whiteaway Laidlaw	6.75
Barclays Bank	6.75	Hongkong & Shanghai	6.75	Yorkshire Bank	6.75
Brit Bk of Mid East	6.50	Investec Bank (UK) Ltd	6.75		
●Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75	● Members of London Investment Banking Association	
Citibank NA	6.75	●Leopold Joseph & Sons	6.75	* In administration	
Clydesdale Bank	6.75	Lloyds Bank	6.75		
The Co-operative Bank	6.75	Midland Bank	6.75		
Coutts & Co	6.75	NatWestminster	6.75		
Cyprus Popular Bank	6.75	●Rea Brothers	6.75		
		Royal Bk of Scotland	6.75		

EMS EUROPEAN CURRENCY UNIT RATES

Jul 17	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Finland	5.85424	5.83601	-0.0156	-0.31	3.82	2
Italy	1906.48	1923.75	-1.39	0.91	2.57	-7
Portugal	197.398	199.788	-0.131	1.20	2.27	-8
Ireland	0.798709	0.733689	-0.000618	-8.14	12.68	55
Spain	163.828	166.586	-0.153	1.68	1.79	-12
Denmark	7.34555	7.53859	-0.00584	2.63	0.85	-18
Netherlands	2.16979	2.22805	-0.00029	2.69	0.79	-20
Germany	1.92573	1.97860	-0.00049	2.75	0.73	-27
Austria	13.5485	13.9215	-0.0034	2.75	0.73	-20
Belgium	39.7191	40.8579	-0.0034	2.87	0.62	-21
France	6.45863	6.68470	-0.00011	3.50	0.00	-29
NON ERM MEMBERS						
Greece	295.269	310.796	+0.044	5.26	-1.67	-
UK	0.793103	0.660620	+0.001158	-16.68	24.22	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Aug	Sep	Oct	PUTS Aug	Sep	Oct
1.670	2.22	2.80	3.26	1.50	2.27	2.85
1.680	1.70	2.35	2.78	1.99	2.74	3.37
1.690	1.28	1.82	2.40	2.53	3.31	3.94

Previous day's vol., Calls n/a Puts n/a . Prev. day's open int., Calls n/a Puts n/a

■ **PHILADELPHIA SE D-MARK/$ OPTIONS** DM62,500 ($ per DM)

Strike Price	CALLS Aug	Sep	Oct	PUTS Aug	Sep	Oct
0.550	-	-	-	0.29	0.42	0.61
0.555	0.93	1.25	1.50	0.45	0.60	0.80
0.560	0.67	0.97	1.22	0.62	0.82	1.02

Previous day's vol., Calls n/a Puts n/a . Prev. day's open int., Calls n/a Puts n/a

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	94.24	94.23	-	94.25	94.23	43,478	533,704
Dec	94.08	94.08	-	94.09	94.07	68,906	464,992
Mar	94.02	94.03	-	94.04	94.02	100,964	320,429

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	94.90	94.90	+0.01	94.90	94.89	157	7,509
Dec	94.77	94.77	+0.02	94.77	94.75	1	612

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Aug	Sep	Oct	Dec	PUTS Aug	Sep	Oct	Dec
9675	0.07	0.08	0.03	0.05	0.02	0.03	0.11	0.13
9700	0.01	0.01	0.01	0.01	0.21	0.21	0.34	0.34
9725	0	0	0	0	0.45	0.45	0.58	0.58

Est. vol. total, Calls 2840 Puts 4698. Previous day's open int., Calls 344017 Puts 256945

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
9850	0.08	0.11	0.15	0.18	0.35	0.46
9875	0.02	0.04	0.07	0.37	0.53	0.65

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 3025 Puts 3255

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 18.07.97 / Final Prices for Trading on 20.06.97

½ hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh	TS use of system price £/MWh
0030	12.22	12.07	12.25	1.03
0100	10.11	10.03	10.03	0.00
0130	10.11	10.03	10.03	0.00
0200	10.11	10.03	10.03	0.00
0230	11.99	10.03	10.03	0.00
0300	11.99	10.03	10.03	0.00
0330	11.99	10.03	10.03	0.00
0400	11.99	10.03	10.03	0.00
0430	11.99	10.04	10.22	1.03
0500	10.11	10.04	10.22	1.03
0530	9.90	10.01	10.01	0.00
0600	9.20	10.03	10.03	0.00
0630	10.01	10.03	10.03	0.00
0700	10.04	10.04	10.04	0.00
0730	12.05	12.35	12.52	1.03
0800	17.15	19.74	19.92	1.03
0830	17.93	18.38	18.57	1.03
0900	17.97	20.56	20.78	1.03
0930	18.03	21.24	21.45	1.03
1000	18.19	21.26	21.48	1.03
1030	18.53	21.26	21.47	1.03
1100	19.32	21.29	21.52	1.03
1130	19.37	25.32	25.59	1.03
1200	22.78	25.40	25.70	1.03
1230	19.34	25.37	25.65	1.03
1300	19.26	23.79	24.03	1.03
1330	18.41	23.69	23.98	1.03
1400	17.84	19.77	19.96	1.03
1430	17.93	19.76	19.94	1.03
1500	17.15	18.77	18.95	1.03
1530	17.15	18.77	18.95	1.03
1600	17.15	18.77	18.95	1.03
1630	17.15	21.31	21.49	1.03
1700	17.15	23.72	23.91	1.03
1730	17.15	23.72	23.90	1.03
1800	17.15	23.63	23.81	1.03
1830	16.93	23.62	23.80	1.08
1900	26.81	14.96	15.12	1.03
1930	25.81	14.43	14.61	1.03
2000	16.71	14.43	14.61	1.03
2030	16.69	14.30	14.48	1.03
2100	15.62	14.30	14.48	1.03
2130	15.62	14.30	14.48	1.03
2200	19.66	14.30	14.48	1.03
2230	19.68	14.30	14.48	1.03
2300	23.04	14.30	14.48	1.03
2330	23.04	14.30	14.48	1.03
2400	15.62	12.35	12.52	1.03

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.66/MWh becomes 1.666p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. The Transmission Services Use of System Price (TSP) is charged by the National Grid Company plc (NGC) for the operation and development of its electricity transmission system for the purpose of optimising the costs arising from the operation of that system. Charges are calculated by NGC and are based on payments made by NGC into the pool. TSP is also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool and on TSP on behalf of NGC by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8.30am and 5.15pm Monday to Friday. ©Energy Settlements and Information Services Limited

COMMODITIES AND AGRICULTURE

Swine fever found in eastern Netherlands farm

By Barbara Smit in Amsterdam

Panic was reported to have broken out among Dutch pig farmers yesterday after it emerged that swine fever, which has already caused huge damage to the industry in the south of the country, had also been detected in an eastern farm.

Since the latest epidemic broke out in February, the government has banned exports of live pigs and has authorised the killing of some 5.4m pigs. Pig farmers had fervently hoped that the infectious disease, which is estimated already to have cost some Fl 1.3bn ($642m), would not spread beyond the southern province of Brabant.

However, the Dutch ministry of agriculture confirmed yesterday that swine fever had been discovered in a pig farm in Toldijk, in the south-eastern province of Gelderland.

In an attempt to limit further damage, the government has imposed a ban on the transport of livestock and manure within a radius of 20km from the infected farm, and all the farm's 560 pigs have been ordered to be slaughtered.

The ministry said it did not know whether the disease had reached other farms in Gelderland, but many saw the new case as the start of a nightmare scenario.

"This is what we feared from the beginning, but there is still hope that it will turn out to be an isolated case," said a ministry spokesman.

An investigation has been launched to find out how swine fever reached the Toldijk estate. This case, which is the 339th since the start of the current epidemic, was discovered during a routine check.

Exports of Dutch pork yield about Fl 5bn a year. Although the disease is not harmful to humans, many countries, including the US, have banned the import of Dutch live pigs and pork.

If the government was forced to impose transport bans throughout Gelderland, nearly the entire Dutch pig industry would come to a standstill. So far, most of the costs of the epidemic have been financed by the European Union.

In recent months distressing pictures of thousands of piglets being injected with lethal doses and mountains of carcasses lying in the courtyards of slaughterhouses have fuelled an emotional debate about the sustainability of the highly intensive Dutch pig farming industry.

Unable to control the spread of the disease, Mr Jozias van Aartsen, Dutch agriculture minister, last week announced a radical shake-up of the whole sector, in which the country's 15m pig population would be reduced by about one quarter.

Popular fruit trade up 32% since 1980

By Gary Mead

World production of the most heavily-consumed types of fruit grew by 32 per cent between 1980 and 1995 to more than 400m tonnes, stimulated by increased demand and changes in the agricultural policies of many countries. This encouraged farmers to move away from previously subsidised agricultural production into new areas.

The increase was in line with overall food production growth, but lagged behind vegetable production growth of 56 per cent over the same period, according to Rabobank International, the Dutch agri-bank. The bank estimates that world exports of fruit, including nuts and dried fruit, are now worth almost $25bn annually, while that of fresh vegetables are $20bn.

Although the fresh fruit business has expanded overall, certain fruits have become more, and others less, popular than the average figure. Grape production fell by 18 per cent during 1980–95, yet citrus fruits, bananas and apples increased by 50 per cent, 48 per cent and 44 per cent respectively. Kiwi fruit has been one of the star performers, with a production rise of more than 3,000 per cent over the period.

Rabobank says premium-priced fruits, such as sour cherries and blueberries (with growth rates of 102 per cent and 98 per cent respectively), as well as tropical fruits, such as mangoes (36 per cent) and papayas (81 per cent) have proved successful new crops.

It forecasts a consolidation within the trade in the near future. "There are too many players", most too small to withstand the negotiating muscle of an increasingly international retail structure, it says.

Seven-year high for zinc

MARKETS REPORT

By Kenneth Gooding and Gary Mead

Zinc for delivery in three months on the London Metal Exchange moved to its highest level since September 1990 after the LME reported another fall in stocks of the metal in its warehouses.

The metal touched $1,526 a tonne before profit-taking saw it ease back to close at $1,511, up $17 a tonne from Wednesday's close.

Some traders suggested the zinc market's fundamental tightness might in the short term drive the price through $1,550 and possibly to $1,600 a tonne.

Copper prices fell to a five-month low in early trading after the LME reported its stocks of the metal had risen by another 13,025 tonnes, taking them to 173,350 tonnes. Traders said the big premium for copper for immediate delivery would continue to attract metal to the LME. Some suggested another 100,000 tonnes could arrive before the middle of August. So far this week LME copper stocks have risen by 34,225 tonnes or nearly 27 per cent.

The price recovered in late trading to close at $2,280 a tonne, up $33 from Wednesday. However, the premium for copper for immediate delivery compared with three-month metal dropped by $50 a tonne to $135–$145.

Coffee failed to sustain Wednesday's mini-rally on the London International Financial Futures Exchange, with the September futures contract for robusta closing $23 lower at $1,597 a tonne. Dealers in London reported no new fundamentals driving the overall downward pressure, which dogged the market despite an early rise to a peak of $1,645 a tonne.

The bearish mood was replicated on the Coffee, Sugar and Cocoa Exchange in New York, where by midday the September arabica contract had fallen 1.25 cents a pound to 160.25 cents.

Oil strengthened on signs of growing US demand, despite imminent resumption of Iraqi sales. The world benchmark, Brent crude, traded at $18.67 a barrel for September delivery late yesterday, 25 cents up from the previous day.

US government figures published late Wednesday showed a drop in oil stocks of almost 4m barrels last week.

However the mid-term picture is still bearish in the context of Iraqi deliveries starting in August, with an estimated 1.5m barrels per day being pumped.

Copper turmoil continues on LME

Anyone who hoped that upheavals in the copper market would end with the departure of Mr Yasuo Hamanaka has been badly disappointed. More than a year since Mr Hamanaka, Sumitomo's chief copper trader, was fired for unauthorised trading and then arrested, turmoil in the market is as great as ever.

Once again there is a battle royal taking place in the London Metal Exchange's copper market between some big players with deep pockets and this is creating tremendous price volatility.

Traders suggest that much of the copper in LME warehouses is tightly held by a few organisations such as Barclays, the UK banking group, Glencore, the Swiss trading house, and Metallgesellschaft of Germany.

They assert that these players are either reluctant to release it to the market, or are deliberately putting a squeeze on the "shorts" – those who sold copper they did not own in the hope that the price would fall and they could pocket the profit.

The effect of this squeeze has been to boost the premium paid for copper for immediate delivery to near-record levels. That premium – or backwardation – compared with metal for delivery in three months, jumped to $270 a tonne this week when the time came for the shorts to cover their positions or roll them forward.

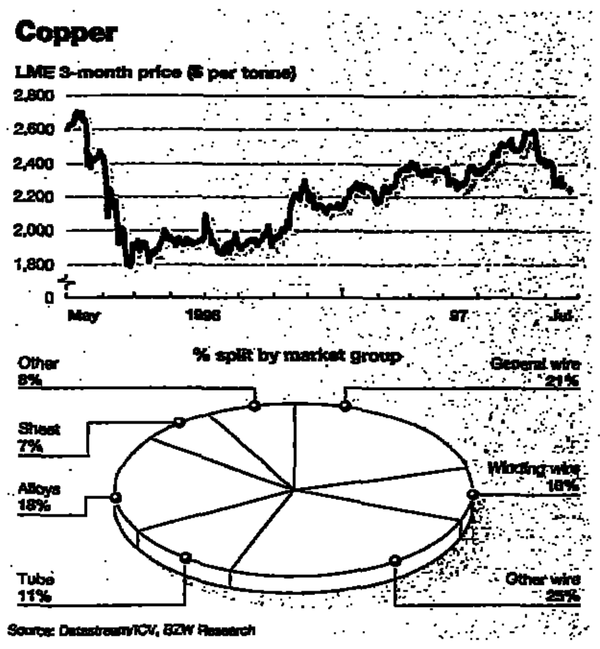
As usual at such times, the market has been swirling with suggestions that some of the "shorts" have suffered big losses.

The rumours surrounding LG Metals, part of the South Korea's biggest copper producing group, led the Korean finance ministry to asked the company for clarification. A document sent to the ministry by LG and obtained by Reuters said the company's futures and options operation was within its credit lines and its letter of credit amounts. The rumours also had not taken into account its profits on trading physical metal, estimated at $80m, it said.

Innocent bystanders are caught up in the battle between the longs and the shorts. Particularly hard hit are those producers and consumers for which the LME's copper market primarily exists. It is supposed to make their planning and operations easier by allowing them to hedge and thereby guarantee the prices they will receive or pay.

"But it is hard to tell in which direction the next $50 [a tonne] move will be, so the volatility is playing havoc with producers' and consumers' hedging strategies," said Mr Robin Bhar at Brandeis (Brokers), part of the Pechiney group.

And the volatility is likely to continue. "The market could be in backwardation for another 18 to 24 months," said Mr Ted Arnold at Merrill Lynch. "Copper supply is likely to remain tight for some years."



Source: Datastream/ICV, BZW Research

However, at the root of the uproar is a widespread conviction that, although demand remains strong, particularly in developing countries, so much new global production capacity is about to come into operation that it is only a matter of time before substantial supply surpluses build up.

Some big investment funds have been anticipating the surplus and have used options to benefit from the fall in prices this would almost certainly cause. But there is very little physical copper available. LME stocks are extremely low and much of that stock is not freely available to the market.

"The only thing that will stop the squeezes is a big increase in LME stocks to a level where it would not be possible for financial reasons for a few holders to control most of those stocks," suggests Mr Bhar. He says the stock level would be at least 300,000 tonnes, compared with the 173,350 tonnes the LME reported yesterday.

Meanwhile, some consumers suggest the LME executive should do more to calm the market.

Mr David King, its chief executive, this week repeated that the LME was watching the copper market closely – a coded message to those responsible for the squeeze not to push their luck too far.

Traders say the LME executive does a lot of work behind the scenes to ensure the market remains orderly. They suggest, for example, that recently a deal was arranged between LG Metals and a bank to get the Korean company off the hook.

Mr King said that, taking its cue from the review of the LME and the metals markets by the UK Securities and Investments Board that followed the Sumitomo episode, which called for, among other things, increased market transparency, the exchange would be making much more information and data available.

This fresh approach would enable users to have a much clearer picture of large positions in the markets and whether big chunks of LME stocks were being held by a few organisations.

Mr King promised: "By the year end, or early in 1998, the LME will be a far more transparent, more reliable, and more efficient market for users to operate in."

Kenneth Gooding

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1550.5-51.5	1577-78
Previous	1537.5-38.5	1566-67
High/low		1582/1565
AM Official	1549-50	1576-6.5
Kerb close		1578-78.5
Open int.	262,399	
Total daily turnover	89,149	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1403-08	1432-35
Previous	1390-95	1420-25
High/low		1435/1427
AM Official	1403-4	1427-30
Kerb close		1435-40
Open int.	5,094	
Total daily turnover	1,543	

■ LEAD ($ per tonne)

Close	627.5-8.5	639-40
Previous	627-28	640-41
High/low		643/630
AM Official	631.5-2.0	642-3
Kerb close		643-4
Open int.	36,601	
Total daily turnover	8,380	

■ NICKEL ($ per tonne)

Close	6710-20	6825-30
Previous	6610-20	6725-35
High/low		6840/6680
AM Official	6625-30	6725-30
Kerb close		6830-40
Open int.	49,997	
Total daily turnover	12,900	

■ TIN ($ per tonne)

Close	5375-85	5430-35
Previous	5370-80	5430-35
High/low		5450/5420
AM Official	5405-10	5455-60
Kerb close		5440-50
Open int.	14,135	
Total daily turnover	4,510	

■ ZINC, special high grade ($ per tonne)

Close	1508-09	1510-11
Previous	1490.5-92.5	1495-97
High/low		1525/1488
AM Official	1516-7	1517-8
Kerb close		1511-12
Open int.	96,387	
Total daily turnover	34,671	

■ COPPER, grade A ($ per tonne)

Close	2403-05	2270-71
Previous	2443-46	2264-65
High/low	2455/2450	2285/2226
AM Official	2422-4	2265-6
Kerb close		2281-82
Open int.	143,251	
Total daily turnover	80,327	

■ LME AM Official £/$ rate: 1.6669

LME Closing £/$ rate: 1.6715

Spot: 1.6747 3 mths: 1.6697 6 mths: 1.6639 9 mths: 1.6587

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	108.90	+1.90	109.00	106.30	498	4,719
Aug	106.95	+2.90	107.00	104.70	799	3,496
Sep	106.45	+2.65	106.60	102.50	4,823	22,366
Oct	105.25	+2.35	103.60	103.60	19	1,477
Nov	104.95	+2.25	104.00	103.40	8	1,256
Dec	103.75	+1.85	103.75	100.80	778	7,688
Total					7,810	49,088

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	320.70-321.20		
Opening	318.70-319.00		
Morning fix	318.75	190.73	471.97
Afternoon fix	319.40	190.92	471.91
Day's High	323.00-323.50		
Day's Low	318.10-318.50		
Previous close	318.90-319.40		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.03	6 months	3.49
2 months	3.26	12 months	3.63
3 months	3.42		

Silver Fix	p/troy oz.	US cts equiv.
Spot	253.30	422.35
3 months	256.90	427.05
6 months	260.75	432.05
1 year	268.65	442.25

Gold Coins	$ price	£ equiv.
Krugerrand	320-322	191-193
Maple Leaf	-	-
New Sovereign	75-78	45-47

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	325.0	+6.0	-	-	4	-
Aug	324.7	+6.0	325.0	318.4	29,233	104,3k
Sep	325.4	+6.1	-	-	4	2
Oct	326.3	+6.1	326.7	321.3	1,223	11,138
Dec	328.3	+6.2	328.8	322.0	7,002	43,139
Feb	330.5	+6.4	330.8	328.0	48	11,428
Total					41,981	222,069

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	408.7	+6.5	405.0	401.0	21	397
Oct	393.7	+1.5	394.5	387.5	709	9,713
Jan	388.7	+1.5	387.5	384.0	5	1,879
Apr	388.7	+1.5	388.0	388.0	-	149
Total					735	12,138

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	160.35	+2.70	162.00	155.00	471	4,110
Dec	155.85	+0.70	157.00	152.00	33	968
Mar	154.35	+0.70	-	-	3	25
Jun	152.85	+0.70	-	-	2	107
Total					509	5,208

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	421.7	+6.0	419.5	418.5	29	146
Aug	421.8	+6.0	-	-	29,233	-
Sep	424.5	+6.0	428.5	414.5	13,704	67,380
Dec	430.7	+6.1	433.0	424.0	583	15,318
Jan	432.4	+6.1	432.0	430.0	1	20
Mar	436.8	+6.2	437.5	432.0	79	9,437
Total					14,411	101,907

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Aug	20.13	+0.48	20.20	19.53	48,246	54,075
Sep	20.15	+0.44	20.18	19.60	32,517	70,442
Oct	20.10	+0.36	20.12	19.70	15,960	42,098
Nov	20.09	+0.32	20.12	19.87	3,747	21,674
Dec	20.04	+0.25	20.04	19.85	7,761	45,209
Jan	20.05	+0.24	20.05	20.00	827	24,221
Total					112,659	416,101

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Sep	18.70	+0.40	18.70	18.26	21,728	84,924
Oct	18.77	+0.38	18.76	18.36	8,438	22,114
Nov	18.83	+0.33	18.83	18.49	1,866	11,672
Dec	18.85	+0.27	18.90	18.61	7,670	16,105
Jan	18.88	+0.29	18.88	18.63	1,767	11,635
Feb	18.84	+0.26	18.84	18.81	212	4,721
Total					n/a	n/a

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Aug	53.65	+0.97	53.75	52.80	10,580	32,144
Sep	54.10	+0.75	54.30	53.20	5,614	28,026
Oct	54.85	+0.75	54.85	53.90	2,213	22,716
Nov	55.70	+0.70	55.70	55.35	1,038	17,146
Dec	56.55	+0.75	56.55	55.60	2,055	18,137
Jan	57.10	+0.70	57.25	56.25	903	13,924
Total					23,439	153,640

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	167.00	+3.25	168.00	163.25	7,280	22,109
Sep	168.25	+2.50	169.00	165.00	2,259	9,450
Oct	170.50	+2.50	170.50	167.25	450	8,141
Nov	172.50	+2.75	172.50	169.25	780	5,187
Dec	174.00	+2.75	174.00	170.75	313	10,323
Jan	174.75	+2.75	173.25	171.75	1,743	6,445
Total					11,889	71,301

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Aug	2.180	+0.006	2.225	2.160	17,435	29,682
Sep	2.150	-0.008	2.200	2.130	6,221	28,949
Oct	2.155	-0.005	2.195	2.135	3,127	25,424
Nov	2.280	-0.010	2.315	2.270	1,442	12,175
Dec	2.420	-	2.445	2.420	884	15,050
Jan	2.460	-	2.480	2.460	754	15,634
Total					31,388	200,683

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Aug	62.00	+1.54	62.00	60.25	15,188	30,101
Sep	59.80	+1.32	59.80	58.50	8,851	20,730
Oct	57.50	+0.97	57.50	57.05	2,107	8,568
Nov	56.40	+0.62	56.40	56.40	754	3,379
Dec	56.20	+0.76	56.40	55.90	405	6,495
Jan	56.25	+0.59	56.40	55.80	31	5,358
Total					27,698	82,531

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	82.00	+0.95	82.00	82.00	10	229
Nov	84.00	+0.95	84.00	83.50	85	3,727
Jan	86.00	+0.80	86.00	86.00	28	2,074
Mar	88.00	+0.80	88.20	88.20	15	1,038
May	90.00	+0.80	90.00	90.00	25	717
Total					163	7,791

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	325.00	-	327.00	323.00	1,112	777
Sep	331.75	+0.25	335.00	330.00	9,707	42,038
Dec	347.00	-	349.50	345.00	4,661	37,094
Mar	357.25	+1.75	358.50	354.50	1,074	6,795
May	361.00	+6.00	361.00	356.00	75	905
Jul	359.00	+3.00	359.50	355.00	181	3,386
Total					16,810	91,014

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	265.50	-1.00	269.75	263.50	3,629	7,216
Sep	247.25	-2.75	253.00	245.50	17,671	63,230
Dec	248.50	-2.25	254.00	246.50	48,278	140,478
Mar	256.25	-2.50	262.00	254.50	2,855	28,571
May	262.25	-1.75	268.00	259.50	325	5,343
Jul	264.75	-2.00	269.00	263.00	487	8,671
Total					74,094	259,383

■ BARLEY LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	77.25	+1.00	77.25	77.25	5	33
Nov	79.75	+1.00	79.75	79.50	15	1,056
Jan	81.75	+1.00	81.75	81.75	10	194
Mar	83.50	+1.00	-	-	-	33
May	84.75	+1.00	-	-	-	9
Total					30	1,325

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	774.50	-7.5	788.00	772.00	1,635	2,171
Aug	739.00	-7.5	754.00	733.00	17,469	34,118
Sep	644.50	-8.5	656.50	641.00	3,959	13,377
Nov	600.75	-8.25	614.50	597.50	27,495	71,939
Jan	603.25	-8.25	616.50	601.00	761	14,794
Mar	611.25	-7.75	623.00	608.50	544	4,444
Total					52,160	146,547

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	22.00	-0.14	22.33	21.99	333	669
Aug	22.05	-0.21	22.43	22.03	5,373	20,259
Sep	22.21	-0.21	22.59	22.20	2,078	16,286
Oct	22.26	-0.18	22.64	22.25	946	14,049
Dec	22.46	-0.14	22.81	22.45	4,843	40,292
Jan	22.58	-0.14	22.98	22.58	178	5,891
Total					13,808	102,259

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	267.3	+1.5	271.0	265.5	2,220	3,706
Aug	242.9	-1.5	248.5	241.6	9,139	26,048
Sep	218.3	-3.6	224.0	218.0	2,990	17,115
Oct	200.3	-4.1	206.0	200.0	1,363	14,319
Dec	193.3	-3.0	198.0	192.0	4,871	38,747
Jan	191.5	-3.6	196.0	190.6	279	5,471
Total					21,062	115,334

■ POTATOES LIFFE (20 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	45.0	+5.0	-	-	-	9
Mar	67.5	+7.5	-	-	-	-
Apr	78.5	+5.5	81.0	77.0	179	1,087
May	87.5	+11.5	-	-	-	2
Jun	97.5	+7.5	-	-	-	-
Total					179	1,098

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	1365	+15	1365	1355	174	1,142
Aug	1330	+25	1330	1305	311	634
Sep	1340	+15	1340	1330	74	243
Oct	1453	+23	1459	1440	24	1,286
Jan	1465	+25	1465	1450	3	160
Total					586	3,475

	Close	Prev
BFI	1372	1369

FUTURES DATA

All futures data supplied by CMS.

SOFTS

■ COCOA LIFFE (10 tonnes; £/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	1010	-22	1029	1014	41	408
Sep	1024	-23	1044	1020	1,563	29,283
Dec	1053	-21	1073	1050	311	37,666
Mar	1073	-21	1091	1070	371	46,518
May	1087	-23	1103	1088	359	20,084
Jul	1099	-25	1119	1098	357	6,506
Total					3,502	168,983

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	1534	-42	1560	1526	3,711	31,738
Dec	1583	-42	1606	1576	1,091	23,209
Mar	1617	-43	1635	1612	179	21,767
May	1637	-43	1658	1639	51	10,110
Jul	1655	-43	1680	1661	50	1,178
Sep	1675	-43	-	-	10	3,705
Total					5,067	102,217

■ COCOA (ICCO) (SDR's/tonne)

Jul 16	Price	Prev. day
Daily	1238.46	1234.01

■ COFFEE LIFFE (5 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	1575	-25	1618	1605	116	1,059
Sep	1595	-25	1645	1595	1,509	23,136
Nov	1585	-25	1630	1585	902	14,019
Jan	1555	-20	1593	1555	221	4,618
Mar	1530	-20	1580	1548	57	1,239
May	1515	-20	-	-	-	87
Total					2,805	44,158

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	186.90	-0.35	190.00	186.00	19	320
Sep	160.45	-1.05	163.50	159.00	5,359	11,330
Dec	147.60	-0.70	150.50	147.25	1,480	5,779
Mar	138.50	-0.25	140.50	138.00	778	2,698
May	134.40	-1.10	137.50	134.40	225	939
Jul	133.05	-1.45	136.00	133.50	189	410
Total					8,205	21,721

■ COFFEE (ICO) (US cents/pound)

Jul 16		Prev. day
Comp. daily	128.43	126.67
15 day average	137.23	138.27

■ WHITE SUGAR LIFFE (50 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	321.0	-1.6	324.5	321.0	2,611	11,781
Dec	317.4	-1.5	320.2	318.2	182	4,914
Mar	319.0	-1.0	321.8	319.5	142	5,831
May	318.0	-1.8	321.2	318.5	63	1,346
Aug	314.6	+0.6	-	-	-	986
Oct	307.8	+1.3	308.0	308.0	270	1,207
Total					3,468	26,065

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	11.16	-0.14	11.31	11.15	24,276	91,990
Mar	11.35	-0.12	11.48	11.35	8,998	45,826
May	11.26	-0.07	11.34	11.26	766	10,650
Jul	11.19	-0.06	11.26	11.23	297	5,244
Oct	11.09	-0.05	11.17	11.14	135	2,316
Mar	11.04	-0.04	-	-	1	735
Total					34,473	166,821

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	74.78	+0.60	74.85	74.10	607	12,348
Dec	74.78	+0.58	74.84	74.15	3,575	46,427
Mar	75.98	+0.58	76.05	75.45	583	9,616
May	76.63	+0.58	76.25	76.15	157	2,462
Jul	77.15	+0.50	77.00	76.85	68	1,483
Oct	75.30	+0.40	-	-	2	316
Total					5,031	77,778

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	73.65	-0.95	75.10	73.75	545	19,507
Nov	76.35	-1.10	77.35	76.20	212	6,777
Jan	79.50	-0.90	80.50	79.45	244	2,767
Mar	82.50	-0.80	83.40	82.45	292	2,030
May	85.50	-0.80	85.75	85.50	70	399
Jul	88.50	-0.80	88.60	88.60	6	77
Total					1,363	31,637

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Jul 17	Jul 16	month ago	year ago
1888.3	1887.8	2012.9	1984.0

■ CRB Futures (Base: 1967 = 100)

Jul 16	Jul 15	month ago	year ago
234.02	235.15		

■ GSCI Spot (Base: 1970 = 100)

Jul 16	Jul 15	month ago	year ago
184.59	184.99	185.10	209.20

LME WAREHOUSE STOCKS (tonnes)

Aluminium	-2,025	to	656,925
Aluminium alloy	-360	to	56,880
Copper	+13,025	to	173,350
Lead	+250	to	117,550
Nickel	+384	to	54,174
Zinc	-1,100	to	418,150
Tin	+60	to	11,940

Wool

With no guidance from primary markets, international wool prices have to be assessed as unchanged. In Australia, Sydney future prices have fluctuated narrowly and with no clear general trend. Turnover has been much lower than when wool sales were being held and prices on the physical market were rising strongly. Stockpile disposals continue during the sales recess, but in the two weeks to date were not large, being lower than 10,000 bales in both weeks. Trade reports in the main wool-using countries also indicate dull trading, with holidays a major and increasing influence this month and well into next. The main factor causing price changes further down the processing line is currency volatility. Where currencies are strong, such as the UK, imported wool costs less and prices tend to be easier.

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	66.575	-0.075	66.700	66.175	12,565	32,437
Oct	69.575	-	69.600	69.175	6,981	34,380
Dec	71.575	+0.100	71.600	71.225	3,127	15,697
Feb	73.500	+0.025	73.500	73.050	1,036	8,390
Apr	75.325	+0.050	75.375	75.000	465	3,486
Jun	71.800	+0.050	72.050	71.750	149	2,464
Total					24,345	97,606

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	80.825	+0.175	81.350	80.350	3,219	12,916
Oct	74.075	+0.175	74.400	73.550	1,791	12,044
Dec	70.825	-0.075	71.100	70.400	553	5,282
Feb	69.500	+0.025	69.550	69.050	99	1,919
Apr	64.925	+0.200	65.000	64.500	11	1,280
Jun	68.200	-	68.400	68.150	17	742
Total					5,792	36,970

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	88.100	+2.500	88.600	85.850	51	470
Aug	85.425	+3.000	85.425	82.800	1,201	4,388
Feb	72.175	+1.450	72.700	71.150	124	915
Mar	71.350	+1.350	71.500	71.000	3	19
Jul	72.500	-	72.500	72.000	3	5
Total					1,379	5,802

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Aug	Nov	Aug	Nov
1550	33	78	17	41
1575	20	65	29	52
1600	11	53	45	65
■ COPPER (Grade A) LME	**Aug**	**Nov**	**Aug**	**Nov**
2250	92	114	23	98
2300	60	91	40	124
2350	38	72	66	153
■ COFFEE LIFFE	**Jul**	**Sep**	**Jul**	**Sep**
1500	439	150	154	55
1550	411	122	176	77
1600	385	98	200	103
■ COCOA LIFFE	**Jul**	**Sep**	**Jul**	**Sep**
1000	98	51	-	27
1025	73	37	-	38
1050	48	27	-	53
■ BRENT CRUDE IPE	**Sep**	**Oct**	**Sep**	**Oct**
1850	71	-	-	-
1900	47	78	-	-
1950	21	43	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$17.72-7.82	+0.495
Brent Blend (dated)	$18.91-8.97	+0.545
Brent Blend (Sep)	$18.76-8.78	+0.375
W.T.I.	$20.20-0.22w	+0.44

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$196-198	+2
Gas Oil	$167-169	+3
Heavy Fuel Oil	$84-86	+2
Naphtha	$186-188	+6
Jet fuel	$182-184	+3
Diesel	$171-172	+3

■ NATURAL GAS (Pence/therm)

Bacton (Aug)	9.60-9.70	+0.20

Petroleum Argus. Tel. London (0171) 359 8792

IPE (Aug)	9.800	+0.155

■ OTHER

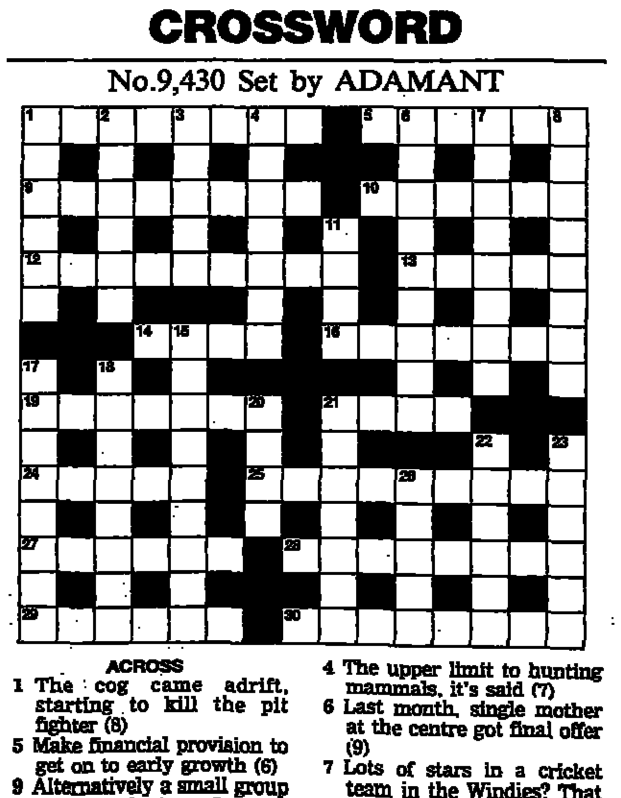
Gold (per troy oz)♣	$320.85	+1.80
Silver (per troy oz)♣	423.00c	-9.00
Platinum (per troy oz.)	$404.00	-2.50
Palladium (per troy oz.)	$175.50	+0.25
Copper	113.0c	-1.0
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	13.79r	
Tin (New York)	255.5	-3.0
Cattle (live weight)	97.36p	-2.58*
Sheep (live weight)	104.83p	-14.55*
Pigs (live weight)†	84.51p	-3.54*
Lon. day sugar (raw)	$272.80	+7.30
Lon. day sugar (wte)	$333.70	+7.40
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (Aug)♥	61.00p	+1.00
Rubber (Sep)♥	61.00p	+1.00
Rubber (KL RSS No1)	233.5x	
Coconut Oil (Phil)§	590.0y	-10.0
Palm Oil (Malay.)§	502.5z	
Copra (Phil)§	$395.0y	-15.0
Soyabeans (US)	197.0	-7.0
Cotton Outlook'A' index	81.35c	+0.55
Wooltops (64s Super)	420p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Jul/Aug. z Aug. w Sep. ♥London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 4,315 head of pigs sold.

JOTTER PAD

CROSSWORD

No.9,430 Set by ADAMANT



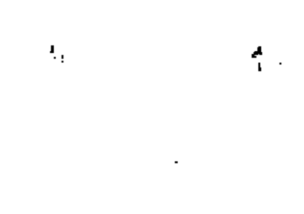
ACROSS

1 The cog came adrift, starting to kill the pit fighter (8)
5 Make financial provision to get on to early growth (6)
9 Alternatively a small group will include Love Story to music (8)
10 Garment, new or previously owned (6)
12 Being full of the initial advantages of spring in Germany (9)
13 Combines with overturning gender discrimination, having no son (5)
14 Fly back for a taste (4)
16 Former change of metre was very violent (7)
19 Woke up to related problems (7)
21 I'm into the French fruit (4)
24 Wants daughter to be born first, then son (5)
25 To substitute corn for unknown quantity in 13 will cause headaches (9)
27 Draws attention to type of string found in those without clothes (6)
28 Keeping in the shade? (8)
29 Put the emphasis on the second strand (6)
30 Gives a rating of 2 points on female fool (8)

DOWN

1 Throughout the world a girl can swallow a highball (6)
2 Made out a cry of pain from the field (6)
3 Charles II maybe would possess a symbol of monarchy (5)
4 The upper limit to hunting mammals, it's said (7)
6 Last month, single mother at the centre got final offer (9)
7 Lots of stars in a cricket team in the Windies? That is out! (8)
8 Element of spoken language sent off (8)
11 Shivering could be universal in time (4)
15 Those giving evidence at trial stare wildly around (9)
17 Cautions against changing direction on top incomes (8)
18 Full back put off round goal (8)
20 Infatuated over European woman (4)
21 Fairy tales support the conclusions (7)
22 Society fixes sluggish people (6)
23 Customs are acceptable to wise people (6)
26 Open mouthed at the feast (5)

Solution 9,429



هكذا من الاصل

FT MANAGED FUNDS SERVICE

Offshore Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

Jupiter Asset Management (Bermuda) Ltd

BERMUDA (REGULATED)(**)

Aristocrat Capital Management Ltd

Butterfield Management Co Ltd

GUERNSEY (SIB RECOGNISED)

Royal Bk of Canada O/S Fd Mgrs Ltd

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

AIB Fund Management Ltd

BT Fund Managers (Ireland) Ltd (u)

Lazard Investment Funds Ltd

Argenta Europeán Hedge Fund plc

Asia Dynamic Growth Fund Plc

Asia Small Cos Growth Fund (u)

Asian Diversified Equity Fund Plc

Asian Emerging Markets Fund Plc

Asian Gateway Fund Plc

Asian Growth Fund Plc

Asset Korea Fund

Asset Universal Ltd

HSBC UK Equity Plus III Plc

HSBC UK Equity Plus IV Plc

HSBC UK Equity Plus V Plc

Hanson Ireland Ltd

Hansei Korea Venture Fund

Investec Asset Management (Ireland) Ltd

Yamaichi Samsung Dynamic Korea Fund

Yuki Korea Fund

Yuki Taiwan Fund

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (1600)F

TSB Fund Managers - Contd.

JERSEY (REGULATED)(**)

Bank of Scotland Fund Managers (Jersey) Ltd

Barclays Global Investors Jersey Ltd

Berkshire KTC Growth Fund Plc

Berkshire Korea Fund Plc

Blackstone Franks Managers Ireland Ltd

Bordier Invest (Ireland) Ltd

Buchanan Asset Management (Ireland) Ltd

Scottish Value Management (Ireland) Ltd (u)

St Stephen's Green, Dublin 2 00 353 1 4757601

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
UK Growth		£2.85	2.99	—	-
European Growth		£3.48	3.57	—	-
Dollar Value		£1.3505		—	-
Relative Value H.		£1.0505		—	-

Singer & Friedlander Inv Funds Ltd (u)

21 New Street, Bishopsgate, EC2M 4HR 0171-626 6226

CFP Interest Rate Arbitrage Fund Plc

Calpine Fund

Capital Vision Fund Plc

Chemical Ireland Fund Administrators Ltd

IRELAND (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds (u)

FT MANAGED FUNDS SERVICE

Offshore Funds and Insurances

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
BAII Asset Management Ltd				0171 734 3700	
10 Piccadilly, London W1V 9EE					
Bank Von Ernst & Cie AG				0041 313291111	
Banque Indosuez				00352 47671	
Barclays Diversified Portfolio (z)				352 4799 2939	
GT Global					
HSBC Investment Funds Luxembourg SA (u)					
Henderson Management SA (u)					
Morgan Stanley Sicav - Contd.					
Nikko Global Umbrella Fund				00 44 171 322 2320	

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

صكنا من الاجل

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

صكذا من الاصل

LONDON SHARE SERVICE

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Cont.

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SUPPORT SERVICES

SUPPORT SERVICES - Cont.

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

AMERICANS

CANADIANS

Toronto-Dom C$	19⅝	+⅛	19⅝	11⅞	6,771	2.5	
Trans Can Pipe C$ ♥	12⅝	+⅛	12¾	9⅜	2,637	4.2	
Western Star Trucks C$	17⅝	—	21⅛	14¾	194.3	–	

SOUTH AFRICANS

	Notes	Price	+ or –	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind R		£28¼		*£28¼	£20¼	2,611	2.7	⊕
Barlow	⊕†	£7⅛	+⅛	£7⅛	£5¼	1,461	2.0	15.2
Gold Flds Prop R	†	179½	+½	189½	120	17.5	5.0	13.3
SA Brews		£19¼	–⅛	£19⅞	£13¾	5,419	2.0	⊕
Standard Bank		£29⅞	+⅜	£30	£21	3,481	1.8	⊕
Tiger Oats	†	1036	+9	1166	790	1,586	1.8	20.2
Tongaat-Hulett		738¼	+2	811	678¼	715.3	2.5	⊕

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ⊕ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- †‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1997.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1997-98.
P Dividend is paid in whole or part as a

FID (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1425 a year for each security shown, subject to the Editor's discretion

LONDON STOCK EXCHANGE

Another Footsie bid to breach 5,000 rebuffed

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

UK shares swung both ways yesterday as big institutional investors rushed to book some of their recent big profits. Flurries of selling pressure occurred throughout a vibrant trading session which featured the failure of the FTSE 100 index to breach the 5,000 level.

There had been widespread expectations that Footsie would push through 5,000 when the market opened because of the latest strong rise on Wall Street on Wednesday.

The Dow Jones Industrial Average cruised past 8,000, finishing well clear of that figure. US stocks gave up some of their recent gains at the outset of trading in New York yesterday, when the Dow dipped around 20 points, after a stronger-than-expected Philadelphia Fed survey.

At its best, within the first half-hour yesterday, Footsie came within 7 points of the 5,000 mark, but a sudden sell-off in the FTSE future, and the emergence of selling in the cash market, saw the index buckle under the strain.

Thereafter the index moved erratically, sliding back from the early intraday record of 4,993.0 to post a 28.7-point fall at the day's lowest point. Another upward move failed to hold in the late morning and the index dropped back again to finish an extremely busy session 15.2 off at 4,949.0.

The FTSE 250 index, on the other hand, gave a much more sedate performance, clawing back some of the ground lost to the FTSE 100 over recent months. It remained in positive territory throughout the day, finishing with a comforting 12.6 rise at 4,500.2. The FTSE SmallCap index was again left behind, settling 2.3 down on the day.

Broker Albert E. Sharp said smaller companies "will start rising from September and outperform the main market in the coming 12 months". Mr Simon Smith, the broker's head of UK equities, said: "We see nothing to change our fundamental belief that smaller companies offer exceptionally good value. The consumer recovery remains strong; sterling's strength, which made the early part of the year so difficult, may now be close to peaking; and exporters look set to perform a lot better."

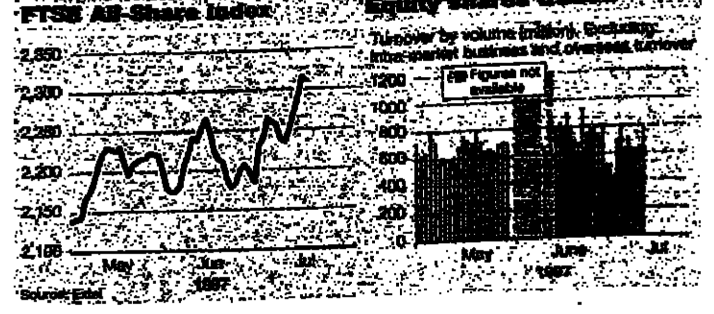
BZW's strategy team argues, however, that "the mid-cap and small-cap stocks look set to bear the burden of an uncomfortable post-Budget policy mix. While the valuation of the FTSE 100 does look a bit rich, its relative insulation to these pressures makes it the more likely recipient of the surplus liquidity around."

This morning promises more excitement with the expiry of July FTSE 100 index options.

Turnover in equities was a hefty 1.12 bn shares, boosted by the 100m share buy-back by British Steel.

Insurance stocks took up the running from bank shares, which cooled down after their recent strong run.

Just before the close, however, a rumour of an imminent merger between NatWest and Prudential, valuing NatWest at £10.50 a share, swept the market, accompanied by a steep rise in NatWest shares.



Indices and ratios

FTSE 100	4949.0	−15.2	FT 30	3128.1	0.0
FTSE 250	4500.1	+12.6	FTSE Non-Fins p/e	19.36	19.47
FTSE 350	2369.0	−4.7	FTSE100 Fut Sep	4985.0	−31.0
FTSE All-Share	2311.56	−4.47	10 yr Gilt yield	7.09	7.12
FTSE All-Share yield	3.35	3.35	Long gilt/equity yld ratio	2.12	2.13

Best performing sectors

1 Insurance +2.2
2 Leisure & Hotels +1.4
3 Engineering +1.3
4 Extractive Inds +1.2
5 Paper: Pckg & Print +1.1

Worst performing sectors

1 Pharmaceuticals −4.0
2 Consumer Goods −2.4
3 Tobacco −2.2
4 Breweries: Pubs −1.4
5 Oil Exploration −1.3

Buyback boosts B.Steel

By Joel Kibazo and Peter John

The market spotlight was firmly fixed on British Steel which surprised the market with a £155m share buyback.

Having been granted permission to buy back up to 10 per cent of its own shares at last year's annual meeting, the company yesterday gave Cazenove the mandate to repurchase around 5 per cent of its shares.

The broker wasted little time in shopping for stock and was said to have been offering 155p a share in a bid to acquire 100m shares.

Dealers said Cazenove initially found willing sellers but stumbled as it tried to acquire the last 7m to fill the order. After the market closed British Steel confirmed it had bought 93.2m shares.

Reports that the sellers had dried up sent the group's shares moving steadily ahead and they closed 10¼ up at 159¾p, the best performer in the FTSE 100 and by far the busiest stock of the day with volume of 112m.

However, analysts were sceptical about the company's move and also its statement that the repurchase would increase the efficiency of its balance sheet and enhance earnings per share.

Several pointed out that the purchase of another 5 per cent would lead to the group's cash dwindling at a time when the company is having to meet heavy capital expenditure costs: making substantial redundancy payments; and when the volatility of the D-Mark may further affect earnings (European steel prices are denominated in D-Marks).

The less optimistic raised fears for the dividend and one said: "The risk profile has increased because British Steel is a highly cyclical company. When the downturn eventually arrives, the dividend payment could be under threat due to a weakened balance sheet."

Traders believe strong US buying of British Steel has been the main factor supporting the stock in recent sessions. US holders are said to have increased from around 17 per cent to around 30 per cent.

Drugs hit

Leading pharmaceuticals stocks lost their head of steam in the wake of selling in the US on Wednesday when Pfizer announced second-quarter earnings that missed Wall Street earnings forecasts.

There was a relaxation of the squeeze that had sent the big three higher and Zeneca backtracked 120½ to £21.44½p, Glaxo Wellcome 56½ to £13.43½p and SmithKline Beecham 42½ to £12.04p.

However, analysts said the ratings differential between the US majors and their UK counterparts still existed. Merrill Lynch said that, on its forecasts, Warner Lambert had a prospective price/earnings ratio of 31 times earnings while the three UK leaders were all trading at between 24 and 25 times.

Banking stocks carried on upwards as the shortage of available stock outweighed cautious comments from brokers.

HSBC, the focus of the recent rally, added 26½ at £21.77½p while Barclays gained 26 to £13.08½p despite a downgrade from Lehman Brothers. The US brokerage cut its stance to "neutral" from "outperform" saying the recent re-rating appeared to have gone far enough and the current price-to-book multiple of 2.4 times assumed a pick-up in growth of which there was little sign.

The broker expects Barclays' first-half results to be subdued, due to a combination of weak volume growth and cost pressures at its BZW investment banking arm.

NatWest, meanwhile, was the subject of a cautious note from SBC Warburg which argues there is a risk that "nothing changes and speculation drops out of the price ahead of the interim results".

Warburg has lowered its recommendation to "hold" from "buy" and believes the fundamental value to be around 820p. The shares still improved 19½ to 893¼p.

A positive stance on the insurance sector by NatWest lifted Royal & Sun Alliance. The broker said at the morning meeting that the sector had underperformed the market by about 5 per cent over the past month because of the strength of currency, the avoidance of insurers in favour of the banking sector and the overall flatness of the bond market.

NatWest said the sector had been derated by about 8 per cent against its asset value since the beginning of the year despite improving fundamentals. Royal lifted 17 to 488½p and, elsewhere in the sector, General Accident jumped 41 to 947½p.

EMI, one of the world's largest music companies, fell on growing concern about its position in the North American record industry.

In May, the company announced a sweeping management overhaul to increase market share but record distributors have also been suffering.

Yesterday, Billboard Bulletin, the US industry bible, gave details about Alliance Entertainment Corp, one of the big distributors, filing for Chapter 11 (bankruptcy protection). The Bulletin said EMI Distribution was owed almost $24m (£14.3m) by Alliance.

It is believed that most of the cash will come out of the £117.2m of provisions announced with the figures in May. Nevertheless, the shares dipped 12½ to £10.83½p.

News of the acquisition of 19 Littlewoods stores for £192.5m coupled with an encouraging trading update were behind a splendid showing by Marks & Spencer.

The retailer told shareholders at its annual meeting that clothing sales during the first quarter had risen 10 per cent and food sales by 2.3 per cent.

M & S shares finished the day 5½ higher at 592½p. Turnover in the stock was a much heavier than usual 9.7m.

Reed International featured prominently in the FTSE 100's best performers table, the shares climbing 11½ to 619p in the wake of a Goldman Sachs recommendation.

Data storage specialist Plasmon fell heavily again, having almost halved on Wednesday after the company issued a profits warning. The shares ended 34 lower at 58½p.

Capital Radio shares ran up strongly to close 15 higher at 505p after news that the radio authorities had given the green light to the merger with Virgin FM.

Engineering and components group LucasVarity eased 1½ to 190p after it said its division Lucas Aerospace acquired the engine controls business of Smiths Industries for an undisclosed sum.

FT 30 INDEX

	Jul 17	Jul 16	Jul 15	Jul 14	Jul 11	Yr ago	*High	*Low
FT 30	3128.1	3128.1	3098.3	3080.1	3052.7	2700.4	3128.1	2868.8
Ord. div. yield	3.51	3.50	3.53	3.55	3.60	4.13	4.22	3.50
P/E ratio net	18.93	18.98	18.79	18.68	18.46	15.97	18.98	15.80
P/E ratio nil	18.74	18.76	18.59	18.49	18.27	15.88	18.78	15.71

FT 30 since compilation: high 3128.1 16/07/97; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
3129.8	3138.0	3125.2	3116.7	3120.4	3118.4	3126.4	3124.6	3127.3	3140.7	3113.2

	Jul 17	Jul 16	Jul 15	Jul 14	Jul 11	Yr ago
SEAQ bargains	58,220	59,786	53,014	51,584	53,604	24,016
Equity turnover (£m)†	–	NA	2716.1	2772.4	2392.1	1638.6
Equity bargains†	–	NA	52,345	46,073	46,814	29,494
Shares traded (mil)†	–	NA	769.0	794.1	641.7	540.6

†Excluding intra-market and overseas turnover but including Crest turnover.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	832	Total Highs	189	Total contracts	81,989
Total Falls	588	Total Lows	78	Calls	37,350
Same	1,652			Puts	44,639

Jul 17 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	5022.0	4980.0	-36.0	5055.0	4966.0	18801	75076
Dec	5058.0	5042.5	-36.5	5058.0	5057.5	110	4623
Mar	-	5082.0	-36.0	-	-	0	103

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	-	4555.0	+15.0	-	-	0	7217

■ FTSE 100 INDEX OPTION (LIFFE) (*4951) £10 per full index point

	4700 C	4700 P	4750 C	4750 P	4800 C	4800 P	4850 C	4850 P	4900 C	4900 P	4950 C	4950 P	5000 C	5000 P	5050 C	5050 P
Jul	261	½	211	½	161½	½	112	1	65	3½	26½	15½	6	50	½	100
Aug	284	23½	241½	31½	203	41½	166	55	132½	71	103	93	77½	117½	56½	146½
Sep	326	47	289	59½	251	72½	213½	86	183½	106½	154½	126½	125½	149½	104	177½
Oct	352½	56	315	69	278½	81½	243½	97	214½	118	185½	139½	157½	162	137½	192
Dec†	422½	87½			348	113			285	150			222	191½		

Calls 7,873 Puts 8,775

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	4725 C	4725 P	4775 C	4775 P	4825 C	4825 P	4875 C	4875 P	4925 C	4925 P	4975 C	4975 P	5025 C	5025 P	5075 C	5075 P
Jul	236	1	186½	1	136½	1	88	2	43	7½	14	28	2½	66½	1	114
Aug	261	27½	219	35	179½	45½	144	59½	113	78½	86½	101½	64	128½	46	160½
Sep	302½	50½	264½	62	229	75½	195½	92	165	111	137½	132½	113	157½	91½	185
Dec	369	91			329	117½			266	152			266	191		
Mar†	469	119			382	146½			329	179			271½	217		

Calls 19,195 Puts 24,030 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1997 High	1997 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§	F.P.	86.1	136½	124½	Ashtenne	136½	+1	W5.0	1.8	4.6	15.3
§150	F.P.	30.5	152½	149½	AIT	150½		L1.98	3.9	1.1	28.3
§100	F.P.	23.3	115	109½	Cammell Laird	109½	-½	L3.8	2.1	4.3	10.8
§260	F.P.	15.8	275	265	Delcam	267½		L2.5	4.4	1.2	24.2
*	F.P.	2.02	26	24	†Euro Mining Fin	25		-	-	-	-
§150	F.P.	232.8	202	162½	Galen Hldgs	192	-5½	L0.9	5.7	0.6	30.9
§2.5	F.P.	3.00	3½	3	†Grosmont Hldgs	3					
§	F.P.	1.20	1	½	†Grosmont Hld Wrt	[illegible]					
§125	F.P.	7.42	135	125½	†Helicon Publsg	128½					
§135	F.P.	63.0	148½	142½	Hitachi Cred UK	148½	+1	L4.3	1.4	3.6	24.5
§	F.P.	13.1	140½	130½	Primesight	130½					
§55	F.P.	8.99	64½	57½	†Pycraft & Arnold	57½					
100	F.P.	32.8	112½	99½	Restbourne Merlin	109					
§	F.P.	68.9	227	204½	Royalblue Grp	208½		1.5	2.6	0.9	52.9
§100	F.P.	7.77	120½	109½	†SBS Group	109½		L2.4	2.0	2.7	18.3
§150	F.P.	117.0	157½	154½	SGB Group	156		L4.4	2.6	3.5	12.7
*	F.P.	4,800	373½	291½	Woolwich	300	-½	L7.8	2.1	3.3	17.8

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FTSE GOLD MINES INDEX

	Jul 16	% chg on day	Jul 15	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (31)	1334.98	+0.8	1324.98	1992.77	2.48	–	2634.81	1278.14
■ Regional Indices								
Africa (14)	1407.98	–0.7	1417.27	2759.21	5.80	22.84	2775.36	1324.08
Australasia (6)	1496.38	+1.2	1478.08	2138.30	3.50	17.39	2455.10	1336.10
North America (11)	1302.67	+1.2	1287.39	1712.91	1.07	66.12	1861.48	1244.23

 Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Jul 17	Day's chge%	Jul 16	Jul 15	Jul 14	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4949.0	–0.3	4964.2	4899.3	4857.4	3693.4	3.29	2.04	18.60	89.06	2112.55
FTSE 250	4500.1	+0.3	4487.5	4451.5	4423.9	4225.2	3.69	1.61	21.09	94.49	1883.30
FTSE 250 ex IT	4494.4	+0.3	4480.5	4446.9	4418.1	4258.9	3.84	1.64	19.88	97.52	1886.48
FTSE 350	2369.0	–0.2	2373.7	2344.9	2325.9	1851.8	3.36	1.95	19.01	43.93	2068.23
FTSE 350 ex IT	2370.0	–0.2	2374.8	2345.9	2326.6	–	3.39	1.97	18.78	11.97	1060.19
FTSE 350 Higher Yield	2293.9	–0.2	2299.1	2274.6	2264.6	1780.4	4.55	1.76	15.55	53.06	1696.40
FTSE 350 Lower Yield	2448.4	–0.2	2452.7	2419.8	2392.8	1930.2	2.38	2.26	23.30	34.35	1746.41
FTSE SmallCap	2201.51	–0.1	2203.82	2205.18	2205.43	2095.50	3.21	1.74	22.39	40.24	1871.87
FTSE SmallCap ex IT	2160.10	–0.2	2164.13	2169.95	2170.73	2083.26	3.50	1.82	19.63	43.33	1852.61
FTSE All-Share	2311.56	–0.2	2316.03	2288.81	2272.48	1832.41	3.35	1.94	19.20	42.85	2046.28
FTSE All-Share ex IT	2312.34	–0.2	2317.02	2290.67	2272.96	–	3.39	1.98	18.83	11.92	1052.94

■ FTSE Actuaries Industry Sectors

	Jul 17	Day's chge%	Jul 16	Jul 15	Jul 14	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(20)	4710.46	+0.1	4704.46	4623.58	4627.21	3522.47	3.24	2.01	19.20	85.78	2108.70
12 Extractive Industries(5)	4256.99	+1.2	4205.33	4167.44	4227.03	3982.42	3.70	2.38	14.19	104.80	1301.22
15 Oil, Integrated(3)	4953.19	+0.1	4946.23	4848.64	4850.63	3634.82	3.37	1.95	19.05	90.43	2279.62
16 Oil Exploration & Prod(12)	3797.73	–1.3	3846.29	3806.93	3785.47	2485.08	1.52	2.19	37.71	38.65	2327.16
20 GEN INDUSTRIALS(264)	1893.10	+0.6	1880.96	1871.86	1863.84	1977.66	4.24	1.88	15.68	43.99	1063.09
21 Building & Construction(35)	1349.54	+0.1	1348.12	1342.98	1347.07	1141.26	3.30	1.96	19.33	25.35	1174.12
22 Building Matls & Merchs(30)	1785.28	+0.3	1780.62	1770.70	1762.90	1851.96	4.52	2.82	9.81	41.89	943.62
23 Chemicals(26)	2480.52	+0.2	2476.30	2435.76	2395.09	2392.24	4.25	1.48	19.88	59.10	1234.89
24 Diversified Industrials(15)	1320.58	+0.5	1313.61	1308.23	1303.01	1490.86	5.84	1.97	11.24	38.47	783.55
25 Electronic & Elect Equip(37)	2027.17	+0.9	2009.26	2023.46	2053.41	2280.67	4.00	1.53	20.48	48.10	1101.89
26 Engineering(67)	2484.77	+1.3	2452.22	2440.47	2418.71	2408.98	3.42	2.28	16.02	47.05	1565.76
27 Engineering, Vehicles(13)	2791.55	+0.1	2788.05	2785.07	2756.45	2849.00	3.68	‡	‡	54.42	1502.75
28 Paper, Pckg & Printing(27)	1912.25	+1.1	1892.36	1889.37	1890.23	2567.80	5.52	1.80	12.59	55.49	834.82
29 Textiles & Apparel(14)	1023.63	–0.9	1032.87	1032.80	1013.11	1308.73	6.84	0.99	18.50	41.67	673.63
30 CONSUMER GOODS(86)	4770.97	–2.4	4887.29	4839.50	4814.62	3516.37	3.21	1.82	21.43	87.28	1842.22
32 Alcoholic Beverages(7)	3475.68	+0.1	3473.43	3404.80	3437.64	2707.95	3.68	1.97	17.47	73.93	1820.48
33 Food Producers(25)	3048.38	–0.4	3059.87	3032.24	3007.01	2473.90	3.64	1.85	18.60	66.78	1443.65
34 Household Goods(17)	3102.15	–0.8	3126.38	3099.97	3057.52	2534.74	3.36	2.27	16.40	54.13	1275.50
36 Health Care(15)	2213.59	–0.5	2223.75	2211.76	2192.45	2049.82	2.77	1.88	27.15	36.49	1390.39
37 Pharmaceuticals(18)	7899.44	–4.0	8224.39	8147.78	8090.13	5095.30	2.94	1.72	31.14	103.76	2772.67
38 Tobacco(3)	4387.64	–2.2	4485.17	4482.90	4449.04	4231.21	6.42	1.81	10.77	158.73	1170.82
40 SERVICES(273)	2706.60	–0.1	2710.38	2690.51	2671.59	2484.68	2.95	1.98	21.38	46.60	1461.84
41 Distributors(30)	2706.77	+0.2	2702.55	2689.52	2667.07	2762.44	3.45	1.94	18.72	51.51	1037.20
42 Leisure & Hotels(31)	3246.73	+1.4	3202.87	3178.05	3195.44	3046.98	2.88	1.81	24.19	67.94	1801.73
43 Media(44)	3998.43	+0.1	3994.44	3964.86	3980.68	4070.06	2.45	1.94	26.34	67.72	1488.18
44 Retailers, Food(15)	2407.67	–0.8	2428.15	2416.20	2389.73	1943.25	3.45	2.26	16.05	45.79	1602.89
45 Retailers, General(53)	2209.55	—	2209.40	2185.86	2144.38	2099.35	3.22	2.03	19.07	39.98	1315.01
47 Breweries, Pubs & Rest.(22)	3393.59	–1.3	3440.03	3396.53	3324.26	3082.89	3.34	2.28	16.41	48.77	1690.27
48 Support Services(55)	3008.16	—	3007.18	3034.76	3039.19	2382.96	1.71	2.54	28.83	27.39	1960.19
49 Transport(23)	2935.58	+0.1	2931.24	2897.16	2885.00	2345.72	3.40	1.35	27.22	59.42	1261.55
60 UTILITIES(31)	3110.76	+0.3	3102.60	3084.75	3061.63	2237.04	4.54	1.50	18.42	51.66	1436.88
62 Electricity(9)	3488.32	–0.2	3495.05	3441.99	3423.09	2347.37	5.09	2.01	12.20	92.77	1970.94
64 Gas Distribution(2)	2198.69	+1.0	2176.82	2181.88	2069.15	1241.35	5.55	‡	‡	54.50	1244.91
66 Telecommunications(8)	2412.80	+0.3	2404.49	2412.56	2418.78	1905.37	3.67	1.68	20.28	10.90	1144.44
68 Water(12)	3000.32	+0.2	2994.12	2942.71	2898.35	2127.47	5.49	2.27	10.03	91.57	1797.07
69 NON-FINANCIALS(673)	2312.89	–0.4	2323.35	2303.03	2291.31	1944.31	3.51	1.84	19.38	42.90	1839.43
70 FINANCIALS(108)	4637.30	+0.6	4611.82	4520.17	4447.92	2880.74	3.02	2.39	17.30	90.50	2084.27
71 Banks, Retail(10)	7252.42	+0.6	7210.01	7024.67	6863.32	4046.24	2.70	2.61	17.76	128.43	2482.16
73 Insurance(18)	1782.88	+2.2	1744.23	1730.63	1726.64	1384.42	4.80	2.82	8.96	55.06	1425.39
74 Life Assurance(7)	4836.99	–0.1	4842.49	4833.57	4824.72	3449.23	3.62	1.96	17.64	121.00	2112.81
77 Other Financial(23)	3291.46	+0.5	3276.31	3246.95	3248.58	2479.34	3.21	1.95	19.99	63.39	1982.91
79 Property(44)	[illegible]										
80 INVESTMENT TRUSTS(127)	[illegible]										
89 FTSE All-Share(800)	2311.56	[illegible]									
105 FTSE All-Share ex IT(781)	2312.34	[illegible]									
FTSE Fledgling	1250.05	[illegible]									
FTSE Fledgling ex IT	1248.09	[illegible]									
FTSE AIM	1050.7	–0.2	1052.7	1051.9	1053.7	–	1.06	1.00	60.00†	4.23	963.47

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	4973.9	4987.2	4964.4	4943.8	4953.9	4946.9	4968.2	4954.5	4951.2	4993.0	4935.5
FTSE 250	4495.0	4501.1	4499.2	4499.2	4499.3	4498.8	4499.8	4499.3	4501.3	4505.0	4492.4
FTSE 350	2378.2	2384.0	2374.8	2368.7	2370.8	2367.7	2374.7	2371.1	2369.9	2388.3	2365.8
FTSE SmallCap	2204.18	2204.71	2204.80	2204.53	2204.42	2204.36	2203.63	2203.17	2201.58	2204.80	2201.42
FTSE All-Share	2320.16	2325.48	2317.15	2309.62	2313.34	2310.59	2314.86	2313.54	2312.32	2327.50	2306.63

Time of FTSE 100 Day's high: 8:51 AM Day's low: 10:46 AM. FTSE 100 1997 High: 4949.0 (17/07/97) Low: 4056.6 (10/01/97). Time of FTSE All-Share Day's high: 8:51 AM Day's low: 10:46 AM. FTSE All-Share 1997 High: 2311.60 (17/07/97) Low: 1999.78 (02/01/97).

Further information is available on http://www.ftse.com "FT-SE" and "Footsie" are trade marks of the London Stock Exchange and The Financial Times and are used by FTSE International under licence. ‡ Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.

FTSE INTERNATIONAL

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	928	488½	-½
AMVESCAP	794	381	-2½
ASDA Group†	19,900	144	
Abbey National†	4,300	891½	+12
Airtours	426	1240	+7½
Albert Fisher	1,800	43¼	-¼
Alliance & Leicester†	2,200	623	-4½
Allied Domecq†	4,700	449½	-7
Anglian Water	987	791½	+½
Argos	870	633½	-½
[illegible]			
Comm. Union†	4,500	694	+3½
Compass	1,100	625	-2½
Cookson	2,200	204	+2½
Courtaulds	1,600	312½	-½
Dalgety	246	233½	-1
De La Rue	1,100	337	+12½
Dixons†	3,700	566½	-19½
EMAP	517	753½	+2½
EMI†	2,200	1083½	-12½
Electrocomps	164	442½	-1
Energy Group†	661	661½	+1
Enterprise Oil†	1,900	703	-7
FKI	3,700	163	+6
Foreign & Col. I.T.	1,100	173½	-½
Gen. Accident†	2,000	947½	+41
General Elect.†	5,800	364	+1½
Glaxo Wellcome†	8,200	1343½	-56½
Glynwed	822	220½	+10½
Granada†	10,900	786	+14
Grand Met.†	9,600	625½	+4
GUS†	1,500	607½	-1
Greenalls	841	464	-2½
GRE†	2,100	294½	
GKN†	719	1026½	
Guinness†	4,000	621	+½
HSBC (75p shs)†	4,400	2177½	+26½
Halifax†	7,200	756½	-3½
Hammerson	241	489	-4½
Hanson†	950	291	+3
Harrisons Crosfield	899	114½	
Hays†	2,600	560½	-4
Hillsdown	6,000	178½	+3
Hyder	1,800	874½	
IMI	1,700	323½	+7½
ICI†	6,400	921	+11
Imperial Tobacco†	2,800	368½	-2
Inchcape	1,200	290½	+1½
Johnson Matthey	989	567½	+11½
Kingfisher†	5,700	743½	-7
Ladbroke†	6,900	273½	+6
Land Securities†	2,600	939½	-14½
Laporte	1,100	611	-2½
Legal & General†	7,500	431½	-3½
Lloyds TSB†	13,000	707	-9½
LASMO†	7,100	265½	-7½
Lonrho	934	124½	-1½
LucasVarity†	8,200	190	-1½
MEPC	613	503½	
MFI	4,800	151½	+6
Marks & Spencer†	9,700	592½	+5½
Mercury Asset Mant†	1,200	1289½	-3
Morrison (Wm.)	824	175	-1
[illegible]			

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FTSE 100 index constituent. All trades are counted. Source: Extel, part of FT Information.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jul 17 / Sch)

BELGIUM/LUXEMBOURG (Jul 17 / Frs.)

CZECH REP (Jul 17 / Korona)

DENMARK (Jul 17 / Kr)

FINLAND (Jul 17 / Mks)

FRANCE (Jul 17 / Frs.)

GERMANY (Jul 17 / Dm.)

GREECE (Jul 17 / Drachma)

ITALY (Jul 17 / Lire)

NETHERLANDS (Jul 17 / Fls.)

NORWAY (Jul 17 / Kroner)

POLAND (Jul 17 / Zloty)

PORTUGAL (Jul 17 / Escudo)

SPAIN (Jul 17 / Pts.)

SWEDEN (Jul 17 / Kronor)

SWITZERLAND (Jul 17 / Frs.)

TURKEY (Jul 17 / TL Lira)

PACIFIC

JAPAN (Jul 17 / Yen)

HONG KONG (Jul 17 / H.K.$)

INDONESIA (Jul 16 / Rupiah)

MALAYSIA (Jul 16 / MYR)

NEW ZEALAND (Jul 17 / NZ $)

SINGAPORE (Jul 17 / S$)

AUSTRALIA (Jul 17 / Aust$)

SOUTH KOREA (Jul 16 / Won)

TAIWAN (Jul 17 / TW $)

THAILAND (Jul 17 / Baht)

AFRICA

SOUTH AFRICA (Jul 17 / Rand)

NORTH AMERICA

CANADA

TORONTO (Jul 17 / Can $) 4 pm close

MONTREAL (Jul 17 / Can $) 4 pm close

Prices supplied by Extel, part of FT Information.

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calendar year high and low. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

♣ FT Free Annual Reports Service

You can obtain the current annual reports of any companies on this page with a ♣ symbol. For North American companies you can either ring +1 804 320 8097, or fax your request to +1 804 320 8135 or order online at http://www.icbinc.com/cgi-bin/ft. For companies from ALL other countries ring 0181 770 0770 or fax your request to 0181 770 3822 (outside UK ring +44 181 770 0770 or fax your request to +44 181 770 3822).

(u) Owing to problems at source, some Spanish prices are pre-close.

INDICES

	Jul 17	Jul 16	Jul 15	1997 High	1997 Low
Argentina					
General(29/12/77)	(u)	23284.96	23076.25	23654.12 11/7	0.09 9/7
Australia					
All Ordinaries(1/1/80)	2669.7	2646.4	2637.5	2745.90 2/7	2352.20 1/4
All Mining(1/1/80)	843.5	843.4	840.8	992.10 24/2	831.10 8/7
Austria					
Credit Aktien(30/12/84)	446.88	441.34	438.42	446.88 17/7	374.40 9/1
Traded Index(2/1/91)	1429.29	1406.34	1390.14	1429.29 17/7	1130.22 9/1
Belgium					
BEL20(1/1/91)	2541.40	2531.11	2469.71	2541.40 17/7	1871.85 2/1
Brazil					
Bovespa(29/12/83)	(u)	12641.0	11617.0	13617.00 8/7	8855.50 2/1
Canada					
Metals Minls♦(1975)	(u)	5169.91	5130.26	5881.76 10/3	4845.86 11/4
Composite♦(1975)	(u)	6744.80	6655.90	6744.80 16/7	5579.36 14/4
Portfolio§§(4/1/83)	(u)	3432.27	3385.02	3432.27 16/7	2860.02 11/4
Chile					
IGPA Gen♥(31/12/80)	(u)	5745.90	5718.65	5898.71 4/7	4912.42 2/1
Denmark					
CopenhagenSE(3/1/83)	856.29	840.83	834.90	868.29 17/7	470.14 2/1
Finland					
HEX General(28/12/90)	3532.87	3499.0	3424.40	3532.87 17/7	2483.28 2/1
France					
SBF 250(31/12/90)	1933.27	1940.73	1926.77	1940.73 16/7	1532.19 2/1
CAC 40(31/12/87)	2958.59	2988.01	2950.70	2988.01 16/7	2258.97 2/1
Germany					
FAZ Aktien(31/12/58)	1412.89	1403.89	1384.48	1412.89 17/7	886.21 2/1
Commerzbank(1/12/53)	4160.2	4138.2	4072.3	4160.20 17/7	2875.98 2/1
DAX‡(30/12/87)	4227.31	4201.24	4121.13	4227.31 17/7	2848.77 2/1
Greece					
Athens SE(31/12/80)	1556.46	1572.87	1580.53	1727.70 28/5	864.54 2/1
Hong Kong					
Hang Seng(31/7/64)	15708.29	15446.02	15487.24	15708.29 17/7	12055.17 3/4
India					
BSE Sens.(1979)	4193.61	4183.42	4221.02	4494.69 9/7	3225.24 2/1
Indonesia					
Jakarta Comp.(10/8/82)	(c)	723.50	722.20	740.83 8/7	631.27 15/4
Ireland					
ISEQ Overall(4/1/88)	3609.91	3576.55†	3527.06	3609.91 17/7	2726.87 2/1
Italy					
Banca Comm Ital(1972)	922.88	908.68	892.27	922.88 17/7	642.55 2/1
MIB General(2/1/97)	1367.0	1348.0	1336.0	1367.00 17/7	981.00 2/1
Japan					
Nikkei 225(16/5/49)	20519.25	20358.74	20069.41	20681.07 16/6	17303.65 10/1
Nikkei 300(1/10/82)	302.73	300.82	295.91	302.73 17/7	291.04 27/1
Topix(4/1/68)	1553.14	1544.93	1521.89	1569.28 26/6	1320.82 10/4
2nd Section(4/1/68)	1807.12	1818.55	1815.30	1848.25 30/6	1816.50 15/4
Malaysia					
KLSE Comp.(4/4/86)	(c)	1004.09	1012.48	1271.57 25/2	1004.09 16/7
Mexico					
IPC(Nov 1978)	(u)	4787.43	4694.35	4882.99 10/7	3359.46 2/1
Netherland					
CBS TtlRtnGen(End 83)	1119.0	1133.3	1111.2	1133.30 16/7	730.80 2/1
CBS All Shr(End 83)	646.6	654.8	642.0	654.80 16/7	429.00 2/1
New Zealand					
Cap. 40(1/7/86)	2494.68	2477.49	2470.91	2526.66 4/7	2207.48 1/4
Norway					
Oslo SE(ind)(2/1/83)	2114.59	2121.54	2096.56	2121.54 16/7	1636.03 2/1
Philippines					
Manila Comp(2/1/85)	2820.38	2587.38	2655.86	3447.60 3/2	2480.38 20/5
Portugal					
BVL 30(4/1/93)	3365.53	3363.71	3347.77	3481.10 9/7	2185.57 2/1
Singapore					
SES All-S'pore(2/4/75)	487.65	483.53	484.74	573.08 17/2	479.94 29/4
South Africa					
JSE Gold(28/9/78)	984.3♥	969.5	976.3	1588.18 27/2	903.80 7/7
JSE Ind.(28/9/78)	8941.2♥	8938.4	8885.7	8941.20 17/7	7859.59 2/1
South Korea					
KoreaCompEx‴(4/1/80)	(c)	739.72	765.05	782.29 17/6	611.05 7/1
Spain					
Madrid SE(30/12/85)	618.32	625.52	618.79	628.15 7/7	434.54 2/1
Sweden					
AffarsvaldsGen(1/2/37)	3196.9	3232.2	3185.2	3232.20 16/7	2378.50 2/1
Switzerland					
SMI Index(1/7/88)	5968.3	5927.5	5844.7	6012.60 8/7	3922.90 7/1
SPI General(1/6/87)	3704.55	3730.31	3685.40	3768.79 8/7	2586.22 6/1
Taiwan					
WeightedPr.‴(30/6/66)	9571.80	9544.56	9535.98	9593.54 14/7	6844.75 6/1
Thailand					
Bangkok SET(30/4/75)	656.28	653.66	625.66	858.97 22/1	464.77 19/6
Turkey					
IMKB Nat 100(1986)	2006.0	2009.0	2036.0	2043.00 14/7	995.00 2/1
WORLD					
MS Capital Intl$(1/1/70)	(u)	976.0‴	966.6	975.00 16/7	794.50 14/4
CROSS-BORDER					
Eurotrack 100(28/10/90)	2732.88	2716.04	2685.03	2732.88 17/7	1893.80 2/1
FTSE E 100(26/6/90)	2289.53	2298.65	2263.48	2298.65 16/7	1582.59 2/1
HSBC JC Brgs(31/12/88)	(u)	(u)	423.17	429.46 20/1	381.63 29/4
ING Brngs Emrg(7/1/92)	191.89	187.86	182.50	196.81 9/7	159.74 3/1

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40 (MATIF/MONEP) (200 x index)							
Jul	3016.0	2966.0	-33.0	3019.0	2964.0	16,360	30,739
Aug	3024.0	2974.5	-32.5	3025.0	2977.0	3,620	3,140
DAX							
Sep	4279.5	4223.5	-23.0	4300.0	4204.0	26,837	80,729
Dec	4329.0	4255.6	-24.0	4331.0	4243.0	82	2,251
OMX							
Jul	2655.00	2609.00	-21.00	2662.00	2580.25	6,075	23,232
Aug	2665.00	2617.25	-20.25	2666.00	2599.25	2,182	6,540
SOFFEX							
Jul	5961.0	5876.0	-44.5	5961.0	5862.0	8,646	11,716
Aug	6199.0	5879.0	-49.0	5976.0	5760.0	4,173	16,382

‴ Sat July 12: Taiwan Weighted Price 9501.08; Korea Comp Ex 787.27. Base values of all indices are 100 except Australia All Ord and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, SPI, Euro Top-100, ISEQ Overall, Toronto Comp./Met & Mins, DAX – all 1,000; SMI - 1500; JSE Gold – 255.7; JSE 20 Ind – 264.3; IMKB Nat 100 - 1; NYSE All Common – 50; Stand & Poor's – 10 and Amex Comp - 550. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Jul 17 - 4203.91 -19.78 † Correction. ‴ Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♠ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

US INDICES

Dow Jones	Jul 16	Jul 15	Jul 14	1997 High	1997 Low	Since compilation High	Since compilation Low
Industrials	8038.88	7975.71	7922.98	8038.88 (16/7)	6391.69 (11/4)	8038.88 (16/7/97)	41.22 (8/7/32)
Home Bonds	104.11	104.01	103.89	104.11 (16/7)	101.09 (14/4)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	2894.19	2834.39	2800.75	2894.19 (16/7)	2222.07 (2/1)	2894.19 (16/7/97)	13.23 (8/7/32)
Utilities	233.46	233.43	232.63	240.85 (22/1)	209.47 (25/4)	258.46 (31/8/93)	16.53 (8/7/32)

DJ Ind. Day's high 8106.10 (8037.03) Low 7919.73 (7843.78) (Theoretical♠) Day's high 8089.77 (7983.14) Low 7953.41 (7879.08) (Actual♠)

Standard and Poors	Jul 16	Jul 15	Jul 14	1997 High	1997 Low	Since compilation High	Since compilation Low
Composite‡	936.59	925.76	918.38	936.59 (16/7)	737.01 (2/1)	936.59 (16/7/97)	4.40 (1/6/32)
Industrials♥	1106.62	1093.52	1083.55	1106.62 (16/7)	865.42 (11/4)	1106.62 (16/7/97)	3.52 (30/6/32)
Financial	105.25	103.95	103.69	105.76 (3/7)	80.75 (2/1)	105.75 (3/7/97)	7.13 (4/9/74)
NYSE Comp.	485.24	480.89	478.11	485.24 (16/7)	389.47 (11/4)	485.24 (16/7/97)	4.64 (25/4/42)
Amex Comp.	638.03	634.85	632.63	638.03 (16/7)	541.20 (28/4)	638.03 (16/7/97)	524.20 (16/7/96)
NASDAQ Cmp	1580.83	1542.11	1523.88	1580.83 (16/7)	1201.00 (2/4)	1580.83 (16/7/97)	54.87 (3/10/74)

■ RATIOS

	Jul 11	Jul 3	Jun 27	Year ago
Dow Jones Ind. Div. Yield	1.63	1.63	1.67	2.26
	Jul 16	Jul 9	Jul 2	Year ago
S & P Ind. Div. yield	1.50	1.55	1.58	2.32
S & P Ind. P/E ratio	25.78	24.91	24.75	18.63

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Eastman Kdk	13,651,900	68¼	-8¼
ColombiA/HCA	11,849,200	34⅛	-4⅛
Pfizer	7,931,800	59⅛	-2½
Time Warner	6,482,600	49¾	+4¾
Hewlett Pkd	5,627,800	69	+¾
Philip Mrrs	5,282,800	43¼	+⅝
YPF SA	4,879,200	29⅜	-⅛
Bay Network	4,754,200	28⅛	+⅜
Tel Brasl	4,567,000	147⅜	+13
IBM	4,480,000	97¾	+1¼

■ TRADING ACTIVITY

● Volume (million)

	Jul 16	Jul 15	Jul 14
New York SE	634.642	602.892	449.706
Amex	27.263	25.091	21.480
NASDAQ	852.099	740.617	690.333
NYSE			
Issues Traded	3,422	3,414	3,419
Rises	2,000	1,511	1,477
Falls	906	1,349	1,379
Unchanged	516	554	563
New Highs	535	342	397
New Lows	18	22	18

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
■ S&P 500							
Sep	942.75	943.50	+1.20	944.20	942.50	63,922	183,996
Dec	-	952.50	-	-	-	372	5,435
	Open	**Sett price**	**Change**	**High**	**Low**	**Est. vol.**	**Open Int.**
■ Nikkei 225							
Sep	20520.0	20550.0	+120.0	20640.0	20380.0	23,483	169,046

Open interest figures for previous day.

■ TOKYO - MOST ACTIVE STOCKS: Thursday July 17, 1997

	Stocks Traded	Closing Prices	Change on day
LTCB	20.9m	575	+65
Fujitsu Ltd	12.4m	1710	+20
Toshiba Ceramics	10.6m	1430	+130
Nippon Steel	9.0m	331	-13
Hitachi	7.4m	1340	
Daiwa Bank	6.6m	603	+13
Toshiba Corp	6.5m	758	+8
NKK Corp	6.3m	215	-2
Sakura Bank	5.9m	870	+30
Matsushita E Ind	5.5m	2400	+30

NEW YORK STOCK EXCHANGE PRICES

4 pm close July 17

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

Continued on next page

4 pm close July 17

NYSE PRICES

Continued from previous page

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. ds-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.

‡ Dealings suspended.

♣ FT Free Annual Reports Service

You can obtain the current annual reports and if available quarterly reports of any companies on the US exchanges with a ♣ symbol. To order reports ring (International Access) 1-804-320-8097 or give the names of the companies whose reports you want and fax your request to (International Access) 1-804-320-8135. Reports will be sent the next working day, subject to availability. You can also order online at http://www.icbinc.com/cgi-bin/ftl.

AMEX PRICES

4 pm close July 17

NASDAQ NATIONAL MARKET

4 pm close July 17

EASDAQ

EASDAQ is a fully regulated independent pan European Stock Market focused on high growth companies with international aspirations. The shares of companies on the EASDAQ Stock Market can be bought and sold through EASDAQ Members. EASDAQ Members are made up of Brokers and Banks from across Europe

Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$3.125		0	8.25	3	Lernout & Hauspie	US$29.625	+0.375	8300	30.125	25
Artwork Systems	US$9.375	-0.125	28908	11.125	9.375	Memco Int'l	US$9.5	+0.125	0	11.75	8.125
Chemunex	FFr15		0	18	14	NTL	US$22.875	-0.875	10000	25.125	23.125
Dr Solomon's ADS	US$28.375	+0.125	0	28.375	18.875	PixTech	US$3.875		0	6.125	3.875
Esprit Telecom ADS	US$7.75	-0.25	0	12.25	5.375	Schoeller-Bleckmann	Sch1025	+40	18920	1020	900
Innogenetics	US$10.5	-0.125	84470	12.75	10.375	Topcall Int'l	Sch3295	+20	7390	3280	3065

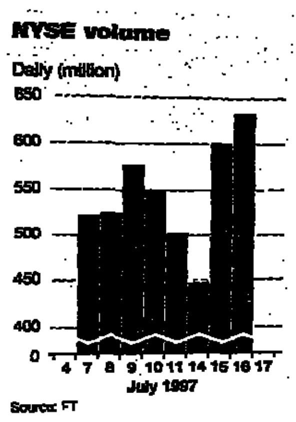
Prices for 17/7/97. Please note that mid prices are now used to calculate highs and lows
Information about EASDAQ can be found on the Web site at: HTTP://WWW.EASDAQ.be
EASDAQ offices are located in Brussels (Tel. 32-2 / 227 65 20) and in London (Tel. 44-171 / 489 8890)

US stocks overcome early slide

AMERICAS

US stocks edged higher at midsession as bond prices remained sluggish following Wednesday's record breaking close above the 8,000-point level by the Dow Jones Industrial Average, *writes John Labate in New York.*

By midday, the Dow Jones Industrial Average was up 18.36 at 8,057.47. The broader Standard & Poor's 500 slipped 0.10 at 936.49.



Source: FT

Also losing ground in morning trades was the Nasdaq composite, which fell back after its 10 day run of record closes, losing 2.03 at 1578.41.

Bond yields remained below Wednesday's levels, with the long bond at its lowest yield since December of last year. A bond rally on Wednesday was sparked by low inflation expectations following the release of the consumer price index and industrial production figures for June.

The rally was enough to push the stock market above 8,000 in afternoon trading. "This is the best inflation environment we've had in 30 years, with solid earnings growth," said Mr Edward Kirchner, stock market strategist at PaineWebber in New York. Some analysts expect that continued low inflation could keep price to earnings multiples of stocks rising in the coming months.

"Lower-than-expected inflation encourages expansion in P/Es as investors have greater confidence in the durability of earnings," *said Ms Abby Joseph Cohen* of Goldman Sachs in New York.

Based on current operating earnings, the S & P 500 is now trading at an average P/E of 19.5, but multiples could climb higher if inflation remains low, she said. Among Dow stocks, major movers included DuPont, which rose $2 1/16 at $65⅛ and Eastman Kodack, which slid $2 3/16 at $65 3/16. AT & T shares lost $1 5/16 at $35. Boeing lost $1 1/16 at $58 1/16.

Technology stocks had their worst day for two weeks as Compaq Computer *fell $⅝ at $132⅞ and Hewlett-Packard* lost $2 at $67. Microsoft rose $1 5/16 at $149⅞ after releasing second quarter earnings and Dell Computer surged $1⅝ higher at $149⅝.

TORONTO crept up as gold stocks benefited from rebounding gold prices in New York.

The TSE 300 index rose 10.01 to 6,754.82 in turnover of about 44m shares worth C$844.6m. *Advancing stocks* outpaced declines by 404 to 385, while 285 issues traded unchanged.

The sub-indices were evenly split between gainers and losers. The gold sector was among the best performing sectors with a rise of 2.5 per cent.

Banks, energy, real estate, transport, merchandising and pipelines also moved higher, while metals, communications, consumer products, industrials, conglomerates, paper and utilities lost ground.

Milan rockets up 2.9% to all-time peak

EUROPE

A rush of orders from domestic and foreign investors enabled **MILAN** to ignore the profit-taking that called a halt to the bull run in many other European markets.

The Comit index rocketed 26.00 or *2.9* per cent *to 922.68*, beating the previous all-time record set 11 years ago. Huge turnover of L3,600bn was also by far the largest ever recorded in a single session.

"This market began its upward trend at least a year and a half behind Frankfurt *and London," said Mr Maurezeo* Paglia at Akros Sim in Milan. "We are now making up the lost ground with a very violent upswing. But even at this high level, the market could have another 10 per cent to go."

Mr Fabio Ferrando at Albertini in Milan said that domestic liquidity had been channelled into equities by low interest rates in the treasury market while foreign investors were attracted by the market's low valuations.

"The way the market has risen has been exaggerated so we may expect a correc*tion in the short term.* However the fundamental valuations do not look stretched, so we can expect the rally to continue," he said.

Among the day's star performers were Telecom Italia, *L460 higher at L6,553, Mediobanca*, L734 ahead at L12,721, and Ambroveneto which jumped L533 to L8,477.

Generali, still benefiting from an upbeat presentation on Wednesday on future business strategies, jumped L1,979 to L37,765.

FRANKFURT fell sharply in high volume, late afternoon trade on a combination of profit-taking, early weakness on Wall Street and a softer dollar against the mark.

The Ibis-indicated Dax index closed 19.78 down at 4,203.91, *having fallen as low* as 4,182.40 at one stage.

The weaker dollar against the mark hit exporters, especially in the motor and chemicals sectors.

BASF lost 11pfg to DM71.24 and Hoechst was down DM1.73 to DM83.90. Bayer, however, bucked the trend to gain 17pfg to DM75.90.

Volkswagen, in demand in recent months, was lower on speculation that the stock had been downgraded by an investment house and on news that the carmaker has recalled 12,000 Sharon minivans. *The share lost DM25.50* to DM1,440.

Other car stocks were weak. Daimler-Benz fell DM1.60 to DM151.70, Porsche preference shares were down DM82 at DM2,700 and BMW shed DM14 at DM1,516.

Karstadt, the retailer, added to the week's earlier gains which followed speculation that Germany's WCM group would take a stake in *the group. WCM* denied an interest but Karstadt still finished DM4.50 higher at DM693.

ZURICH took a dim view of first-half sales figures from Nestlé. While sales rose 17.5 per cent, helped by favourable currency developments, real internal growth, excluding acquisitions and divestments, stood at a lower-than-expected 2.7 per cent.

The shares were marked down SFr42 to SFr1,927, which contributed to an increasingly gloomy mood in the broad market. The SMI index lost 59.2 to 5,868.3, *with some shares also under* pressure ahead of today's Soffex options expiry.

Among cyclicals, Alusuisse lost SFr37 to SFr1,410 on heavy profit-taking. ABB managed a SFr10 rise to SFr2,130, but Sulzer eased SFr2 to SFr1,215 in spite of a forecast that net profits at the technology group could more than double this year to levels last seen in 1994.

Roche certificates, down SFr195 at SFr14,615, gave back some of the gains seen in the wake of its better-than-expected first-half sales earlier this week. Novartis fell SFr21 to SFr2,420.

A SFr5.75 fall to SFr200 in SMH, the watchmaker, was attributed to selling ahead of an options expiry today.

In **PARIS**, the CAC 40 index went through the 3,000 point level in opening trades but was pulled back by sell orders from futures market.

The index closed down 29.42 at 2,958.59 in heavy turnover of FFr10.3bn. Inves*tors were said to be cautious* ahead of the release on Monday of the government's audit of public finances and its measures to reduce the budget deficit.

Promodes fell FFr118 or 4.4 *per cent to* FFr2,581 on rumours that the supermarket operator would enter an alliance with Casino. Casino fell FFr143 or 3.3 per cent to FFr4,230.

Thomson-CSF rose FFr6.50 or 4 per cent to FFr168.1 after the government *acknowledged* it would cede its majority stake.

SGS-Thomson fell FFr24 or 4.3 per cent to FFr537 after it announced halved profits for the first six months of the year.

AMSTERDAM ended its four-day bull run under pres*sure from* forthcoming options expiries. After an all-time intraday high of 978.87 at the beginning of the session, the AEX index closed down 11.88 at 953.37.

Only the publishing sector held up, after Goldman Sachs upgraded Reed Elsevier. The rises were led by Wolters Kluwer, which has lagged behind the rest of the sector. It closed up Fl 5 at Fl 270, Elsevier closed 40 cents higher at Fl 36.40 and VNU added 10 cents to Fl 47.

Ahold rose Fl 2.60 to Fl 188.50 after it denied reports that it was interested *in taking a 10 per cent stake* in Karstadt of Germany.

HELSINKI posted its fourth consecutive record close as the Hex index rose 33.87 to 3,532.87 in heavy turnover of around FM900m.

Nokia began strongly following its overnight rise in New York before profit-taking pulled the share back to close FM5 higher on the *day at FM445.*

Raisio continued to soar following its link-up with Johnson and Johnson to develop its benecol cholesterol-reducing margarine. The shares finished FM74.50 or 13.9 per cent higher at FM639.

"This trend can't go on forever, although it shouldn't go down too heavily," said one dealer.

STOCKHOLM was led lower by Astra, which released lower-than-expected US sales figures for its ulcer drug Losec.

The general index closed down 25.87 at 3,163.51 in turnover of SKr5.3bn. Astra A shares closed down SKr6 at SKr151.

Forestry companies resisted the trend on signs that prices are on their way up as Stora said it would raise fine paper prices by around 10 per cent from September.

MoDo B closed SKr3.50 higher at SKr273, SCA B *closed up SKr2 at SKr172* and Stora A added SKr2 at SKr132.

Written and edited by Michael Morgan and Robert Anderson

FTSE Actuaries Share Indices

Jul 17							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	2742.95	2743.56	2740.54	2740.57	2742.87	2740.02	2736.15	2732.98
FTSE Eurotrack 200	2728.13	2724.83	2718.19	2724.20	2722.97	2722.59	2718.96	2716.99

	Jul 16	Jul 15	Jul 14	Jul 11	Jul 10
FTSE Eurotrack 100	2716.04	2685.03	2687.85	2687.44	2648.24
FTSE Eurotrack 200	2716.45	2678.73	2673.52	2642.15	2622.81

Base value 1000 (26/10/90) Highday: 100 - 2745.57; 200 - 2728.74 Lowday: 100 - 2732.18 200 - 2716.08. † Partial.

HSBC pulls Hong Kong up 1.7% to record high

ASIA PACIFIC

Continued strength in HSBC propelled **HONG KONG** up 1.7 per cent to close at a record high although late profit-taking trimmed the market's intraday gains. The Hang Seng index finished 260.27 higher at 15,706.29 after hitting an all-time intraday high of 15,706.29.

HSBC surged HK$15 to close at a best-ever HK$279, extending its gain for the week to 13.9 per cent. Analysts said the stock was still being lifted by an upbeat view of the prospects for banks in London and expectations of a solid interim earnings statement from HSBC on August 4.

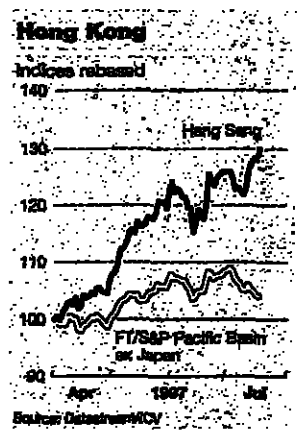
Property issues were steady as the market contin*ued to digest the government's* plans to increase land supply, to calm spiralling housing prices. SHK Properties rose HK$1.25 to HK$89.75 while Cheung Kong was steady at HK$75.50.

Kuala Lumpur and Seoul were closed for public holidays

China enterprises listed in Hong Kong – the so called H shares – jumped 2.4 per cent on hopes that a number of planned corporate restructurings would be followed by asset injections.

TOKYO continued higher with modest gains on steady buying of high-technology *and banking stocks*, although declining issues outnumbered advances as investors dumped financially troubled laggards, *writes Gwen Robinson.*

The Nikkei 225 average rose 160.51 to 20,519.25 after moving between 20,308.73 and 20,584.96. New York's record gains overnight encouraged investors to buy high-technology stocks and drove the market higher from the outset. The dollar's further rise to the Y116 level benefited other export-driven stocks, reflecting growing confidence that the US currency's strength would boost sales of Japanese products *overseas. However, buying* became more selective as investors dumped general contractors and stocks in debt-laden companies, driving the 225 index into negative territory at one stage.



Source: Datastream/ICV

Volume edged down from 517m shares to an estimated 508m. Declines led advances 629 to 467 with 142 unchanged. The Topix index of all first-section stocks rose 8.21 to 1,553.14 and the capital-weighted Nikkei 300 was up 1.91 at 302.73.

Among high-technology issues, Tokyo Electron rose Y240 to Y7,450, Sony Y200 to Y10,700 and Fanuc Y160 to Y4,700. However, TDK fell Y20 to Y9,360 and Kyocera shed Y60 to Y9,590 on profit*taking following substantial* gains in recent sessions. Advantest ended unchanged at Y10,300 after surging Y430 the previous day. Among other blue-chip exporters, Toyota rose Y70 to Y3,520 and Honda Y40 to Y3,700. Fuji Photo Film rose Y60 to Y4,980.

Banks were the second biggest gainers, rising nearly 2.2 per cent as a group. Long-Term Credit Bank of Japan, the day's *most active* issue, climbed Y68 to Y575 on Tuesday's news of its global alliance with Swiss *Bank Corporation.*

Other banks continued to rise on expectations that the alliance would lead to other tie-ups between Japanese and foreign financial institutions. Industrial Bank of Japan rose Y30 to Y1,830 in spite of news that Moody's Investors Service had downgraded its long-term debt rating.

In contrast, general contractors continued to slide on concerns about their financial health and earnings outlooks. Sato Kogyo fell Y15 to Y155, Haseko Y8 to Y122, Daisue Construction Y11 to Y140 and Kumagai Gumi Y7 to Y141.

Pharmaceuticals were mixed after recent substantial gains. Sankyo fell for the *first time in seven trading* days, shedding Y80 to Y4,220, and Takeda Chemical fell Y30 to Y3,540. Daiichi Pharmaceutical, however, rose Y70 to Y2,140.

In Osaka, the OSE average fell 23.19 to 21,232.37 and volume rose to 27m shares.

TAIPEI rocketed to a seven-year intraday high in record turnover but pulled back as investors took profits in the electronics sector. The weighted index hit a peak of 9,889.45 but by the close stood 27.24 higher at 9,571.80. Turnover was T296.8bn. Analysts said trade was driven by Wall Street and the central bank governor's statement that he would not adjust monetary policy to stem the market's rise.

SINGAPORE was carried higher by a sharp rise in the electronics sector which took its lead from the strong performance of high-tech issues in the US. The electronics sub-index jumped 2.5 per cent but a dull performance among blue chips was reflected in a rise of 2.65 in the Straits Times Industrial index to 1,920.54.

Creative Technology, the multi-media company, rose 90 cents to a three-year high of S$32.80 as analysts remained optimistic about its earnings prospects.

SYDNEY's All Ordinaries index closed 23.3 higher at 2,669.7 in a session dominated by Wall Street's rise. Banking stocks were among *the biggest gainers*, assisted by a stronger bond market. ANZ bank rose 1.7 per cent to A$9.95 and Westpac Banking 1.1 per cent to A$7.88.

BANGKOK pulled back after the finance minister said the government would not seek international aid to bail out the debt-ridden private sector. The SET index lost 7.4 to 656.28 in busy volume of Bt8.22bn. However, Mr Thanong Bidaya was reported to have urged Japanese bankers to increase their credit lines for Thai banks. Analysts said this apparent contradiction confused investors, making them reluctant to take positions.

Jobs data lift Mexico

MEXICO CITY extended initial gains in late morning trade as lower-than-expected unemployment data helped confirm that the economy was recovering, dealers said.

The IPC index climbed 80.04 points or 1.7 per cent to 4,867.47.

Favourable second-quarter earnings were also boosting sentiment as they indicated a long-awaited recovery in consumption. Retailer Soriana rose 95 centavos to 25.55 pesos after first-half earnings up 19 per cent in year-on-year terms.

SANTIAGO slipped lower *in a lingering reaction to* what stock analysts called the "Thailand effect", referring to the recent general unrest in Asian currency markets which, in turn, has spread jitters among investors on Latin American exchanges.

The IPSA *index was down* 0.4 per cent at 132.06 in light trading. Chemical mining firm Soquimich 'B' shares were trading down 1.1 per cent to 2,600.00 pesos. Forestry and petroleum company Copec was trading down 1.9 per cent to 2,010 pesos.

S Africa edges up to peak

Johannesburg was broadly steady as financial stocks rose on hopes of an interest rate cut but golds fell after bullion failed to breach the $320 an ounce level.

The all-share index rose 14.3 to a record high of 7,437.1 in turnover of R1.3bn.

The financial index climbed 114.9 to a record 10,436.81 but gold shares *fell 5.2 to 964.3.* Industrials added 4.8 to reach an all-time high of 8,941.2.

Among financials Absa put on 115 cents to R33.15.

Clothing stocks were also boosted by the interest rate rumours. Heavyweight Edgars leapt 300 cents to R134 and Wootru gained 8 cents to R26.78.

Netcare rose 12 cents to 186 cents in trade of 6.54m shares on rumours that the hospital company would soon announce a merger with Clinic Holdings.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JULY 16 1997								TUESDAY JULY 15 1997					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (76)	229.24	0.3	202.83	168.18	214.21	207.41	0.5	3.68	228.55	202.36	166.85	213.91	206.43	243.87	188.44	189.56
Austria (25)	199.34	1.2	176.37	146.25	186.27	186.15	1.0	1.77	196.98	174.40	143.80	184.36	184.24	202.96	174.70	180.18
Belgium (29)	252.93	1.3	223.79	185.56	236.35	231.54	1.1	2.95	249.76	221.14	182.33	233.76	229.00	261.11	206.89	207.56
Brazil (30)	300.18	7.8	265.60	220.23	280.50	597.07	7.8	1.22	278.58	246.66	203.37	260.74	554.07	322.44	170.26	179.67
Canada (127)	220.92	1.2	195.47	162.06	206.44	219.69	1.4	1.68	218.33	193.31	159.39	204.34	216.54	220.92	154.12	155.30
Denmark (32)	409.86	1.4	362.65	300.70	382.99	381.92	1.2	1.34	404.34	358.00	295.18	378.44	377.30	409.86	303.46	306.62
Finland (28)	309.30	3.0	273.67	226.92	289.02	344.44	2.8	1.60	300.40	265.98	219.30	281.16	335.21	309.30	166.67	169.09
France (84)	233.18	1.4	206.32	171.07	217.89	222.05	1.2	2.37	230.07	203.70	167.96	215.33	219.40	237.57	186.94	189.42
Germany (59)	231.45	1.9	204.79	169.81	216.28	216.28	1.7	1.31	227.22	201.18	165.88	212.67	212.67	231.45	168.70	168.47
Hong Kong, China (66)	529.01	-1.4	468.07	388.11	494.33	526.29	-1.4	2.88	536.51	475.03	391.67	502.15	533.70	539.83	407.55	414.31
Indonesia (27)	238.50	-0.7	211.03	174.98	222.86	363.58	0.5	1.79	240.26	212.73	175.40	224.87	361.62	254.90	193.62	202.43
Ireland (17)	372.35	2.0	329.46	273.18	347.94	349.32	1.8	2.75	364.93	323.10	266.41	341.55	343.23	372.35	270.08	270.21
Italy (56)	101.40	2.3	89.72	74.40	94.76	132.25	2.2	1.87	99.11	87.76	72.36	92.77	129.44	101.40	73.26	75.72
Japan (485)	137.12	1.1	121.33	100.60	128.13	100.60	1.6	0.78	135.65	120.10	99.02	126.96	99.02	150.97	107.57	148.95
Malaysia (107)	465.21	-1.5	412.50	342.04	435.64	464.32	-0.7	1.48	473.33	419.09	345.54	443.02	467.41	660.85	466.21	556.79
Mexico (27)	1700.44	1.1	1504.55	1247.54	1588.96	14746.93	1.7	1.26	1682.22	1489.43	1228.06	1574.47	14503.39	1736.98	1116.00	1116.00
Netherlands (19)	427.48	2.1	378.23	313.62	399.45	394.87	2.0	1.97	418.53	370.56	305.53	391.72	387.12	427.48	279.86	286.61
New Zealand (14)	91.22	-0.4	80.72	66.93	85.24	73.48	0.3	3.95	91.56	81.07	66.84	85.70	73.28	96.47	79.04	79.26
Norway (41)	324.52	2.6	287.14	238.09	303.25	328.94	1.6	1.87	316.21	279.97	230.84	295.96	323.81	326.80	246.04	249.50
Philippines (22)	138.54	-3.9	122.58	101.64	129.45	205.32	-3.0	0.92	144.15	127.63	105.23	134.91	211.74	214.07	138.54	206.72
Singapore (42)	375.92	-0.3	332.61	275.80	351.27	250.84	-0.1	1.22	377.05	333.84	275.25	352.90	250.93	448.01	360.08	392.24
South Africa (44)	360.00	0.7	318.53	264.12	336.40	358.41	0.7	2.41	357.54	316.57	261.02	334.64	356.04	370.12	301.49	339.18
Spain (33)	266.37	1.1	235.69	195.43	248.91	305.34	0.9	2.17	263.41	233.22	192.29	246.54	302.63	276.08	171.91	174.66
Sweden (49)	511.95	1.6	452.97	375.59	478.38	594.36	1.5	1.74	504.05	446.28	367.97	471.78	585.49	511.95	334.35	340.78
Switzerland (33)	321.45	0.9	284.42	235.84	300.38	295.53	1.3	1.14	318.48	281.98	232.50	298.06	291.63	329.59	231.69	245.45
Thailand (42)	64.87	7.7	57.40	47.59	60.62	75.64	8.0	4.09	60.23	53.33	43.97	56.37	70.03	158.79	47.56	158.79
United Kingdom (213)	325.28	1.4	287.81	238.64	303.95	287.81	1.3	3.49	320.92	284.14	234.28	300.37	284.14	325.28	229.83	229.83
USA (644)	379.67	1.2	335.94	278.55	354.78	379.67	1.2	1.62	375.15	332.16	273.87	351.12	375.15	379.67	254.79	255.26
Americas (828)	347.34	1.3	307.32	254.83	324.57	292.46	1.3	1.61	342.92	303.62	250.34	320.96	288.69	347.34	233.09	233.64
Europe (718)	284.44	1.5	251.67	208.68	265.79	267.64	1.5	2.40	280.16	248.05	204.52	262.21	264.09	284.44	204.71	206.42
Nordic (150)	435.25	1.9	385.11	319.32	406.72	440.95	1.7	1.67	427.36	378.38	311.98	399.98	433.75	435.25	291.45	296.14
Pacific Basin (881)	154.26	0.6	136.51	113.19	144.17	114.43	1.1	1.25	153.30	135.73	111.91	143.48	113.20	163.63	127.18	161.36
Euro-Pacific (1599)	208.62	1.1	184.59	153.06	194.94	172.14	1.3	1.90	206.26	182.62	150.57	193.05	169.64	208.62	173.66	180.02
North America (771)	369.86	1.2	327.25	271.35	345.61	368.01	1.2	1.62	365.45	323.57	266.79	342.05	364.36	369.86	248.65	249.19
Europe Ex. UK (505)	256.00	1.8	226.51	187.81	239.21	250.10	1.6	1.77	251.91	223.04	183.90	235.77	246.26	256.23	185.65	189.66
Pacific Ex. Japan (396)	304.42	-0.8	269.35	223.34	284.46	271.93	-0.6	2.74	306.80	271.64	223.97	287.15	273.33	320.85	268.97	276.69
World Ex. US (1827)	212.58	1.2	188.09	155.96	198.64	179.09	1.4	1.88	210.02	185.95	153.32	196.57	176.66	212.58	176.94	181.13
World Ex. UK (2258)	260.18	1.2	230.21	190.88	243.12	231.36	1.3	1.57	257.10	227.64	187.69	240.63	228.40	260.18	199.58	201.32
World Ex. Japan (1986)	331.60	1.2	293.40	243.28	309.86	322.71	1.2	1.94	327.54	290.01	239.12	306.57	318.76	331.60	233.10	234.19
The World Index (2471)	265.77	1.2	235.15	194.98	248.35	236.69	1.3	1.76	262.58	232.49	191.69	245.77	233.66	265.77	202.32	203.82

PLEASE NOTE: Amendments to indices 15/7/97 applied to New Zealand, Philippines, Singapore, South Africa, Sweden & Thailand, related regional and the World Index. Latest prices were unavailable for this edition